ARENA PHARMACEUTICALS INC
Form 424B5
July 11, 2017
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The information contained in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus do not constitute an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-219237

SUBJECT TO COMPLETION, DATED JULY 11, 2017

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated July 11, 2017)

$150,000,000

Arena Pharmaceuticals, Inc.

Common Stock

$ per share

We are offering $150,000,000 of shares of our common stock.

We have granted the underwriters an option to purchase up to an additional $22,500,000 of shares of our common stock.

Our common stock is listed on The NASDAQ Global Select Market under the symbol ARNA. On July 10, 2017, the closing price of our common stock on The NASDAQ Global Select Market was $18.39 per share.

Investing in our common stock involves risks. See Risk Factors on page S-4 of this prospectus supplement and in the documents incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discounts and Commissions[(1)]	$	$
Proceeds to Arena (before expenses)	$	$

(1) See Underwriting for additional disclosure regarding underwriting compensation.

The underwriters expect to deliver the shares on or about July , 2017 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Citigroup **Leerink Partners**
Cantor Fitzgerald & Co. **UBS Investment Bank**

Co-Manager

JMP Securities

July , 2017

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Prospectus Supplement

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus relate to an offering of our common stock. Before buying any of the common stock that we are offering, we urge you to carefully read this prospectus supplement and the accompanying prospectus, together with the information incorporated by reference as described under the headings Where You Can Find More Information and Incorporation by Reference in this prospectus supplement. These documents contain important information that you should consider when making your investment decision.

Unless otherwise specified or required by context, references in this prospectus supplement to Arena Pharmaceuticals, Arena, we, us and our refer to Arena Pharmaceuticals, Inc., and its wholly owned subsidiaries on a consolidated basis. Our cash and cash equivalents as of June 30, 2017, as disclosed on page S-2 of this prospectus supplement, includes approximately $0.2 million of cash held as of such date by Beacon Discovery, Inc., a variable interest entity. APD is an abbreviation for Arena Pharmaceuticals Development.

Effective on June 16, 2017, we effected a one-for-ten reverse stock split of our outstanding common stock. Share and share-based numbers in this prospectus supplement have been modified to reflect on a retrospective basis the effect of the reverse stock split.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to, updates and changes information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information. To the extent the information contained in this prospectus supplement differs from or conflicts with the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement will control. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference into the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

We have not, and the underwriters have not, authorized anyone to provide you with information different from that which is contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus that we have authorized for use in connection with this offering. No one is making offers to sell or seeking offers to buy these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement is accurate as of the date on the front cover of this prospectus supplement only and that any information we have incorporated by reference or included in the accompanying prospectus is accurate only as of the date given in the document incorporated by reference or as of the date of the prospectus, as applicable, regardless of the time of delivery of this prospectus supplement, the accompanying prospectus, any related free writing prospectus, or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference into this prospectus supplement or the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Arena Pharmaceuticals®, Arena® and our corporate logo are registered service marks of Arena. This prospectus supplement, the accompanying prospectus and the information incorporated herein and therein by reference may include trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included or incorporated by reference into this prospectus supplement or

the accompanying prospectus are the property of their respective owners.

Information contained on, or that can be accessed through, our website does not constitute part of this prospectus supplement, the accompanying prospectus or any related free writing prospectus.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all the information you should consider before investing in our common stock. You should read and consider carefully the more detailed information in this prospectus supplement and the accompanying prospectus, including the factors described under the heading Risk Factors in this prospectus supplement and the financial and other information incorporated by reference in this prospectus supplement and the accompanying prospectus, as well as the information included in any free writing prospectus that we have authorized for use in connection with this offering, before making an investment decision.

Overview

We are a biopharmaceutical company focused on developing novel, small-molecule drugs with optimized receptor pharmacology designed to deliver broad clinical utility across multiple therapeutic areas. Our proprietary pipeline includes potentially first- or best-in-class programs for which we own global commercial rights.

Our three most advanced clinical programs are:

Ralinepag (formerly APD811) an oral, next generation, selective IP receptor agonist targeting the prostacyclin pathway, for which we have reported positive topline results from our completed Phase 2 trial for pulmonary arterial hypertension, or PAH. Phase 3 trial preparations are ongoing.

Etrasimod (formerly APD334) an oral, next generation, selective sphingosine 1-phosphate, or S1P, receptor modulator targeting the S1P receptor subtypes 1, 4 and 5, which we are evaluating in multiple ongoing Phase 2 clinical trials for:

- Ulcerative Colitis, or UC
- Dermatological Extra-Intestinal Manifestations, or Derm EIMs, in Inflammatory Bowel Disease, or IBD
- Pyoderma Gangrenosum, or PG, with and without co-morbidities including IBD

We also intend to initiate an additional trial in Primary Biliary Cholangitis, or PBC, in 2017.

APD371 a highly selective, peripherally restricted, orally available, full agonist of the cannabinoid-2 receptor, which we are evaluating in an ongoing Phase 2 clinical trial for pain associated with Crohn s disease

We intend to continue to explore additional indications for all of our clinical-stage programs.

Additionally, we have collaborations with the following pharmaceutical companies:

Eisai Inc. and Eisai Co., Ltd. in their efforts with respect to BELVIQ®

Axovant Sciences Ltd. in its efforts with respect to nelotanserin, an orally available inverse agonist of the serotonin 2A receptor, which is in (i) a Phase 2 clinical trial in Lewy body dementia patients who experience frequent visual hallucinations, and (ii) a separate Phase 2 clinical trial to evaluate nelotanserin as a potential treatment for rapid-eye-movement, or REM, behavior disorder in patients with dementia with Lewy bodies

Boehringer Ingelheim International GmbH targeting a G protein-coupled receptor that belongs to the group of orphan central nervous system receptors, which is in preclinical development

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Recent Developments

Ralinepag

On July 10, 2017, we announced positive Phase 2 results for ralinepag. In this study, the primary efficacy analysis demonstrated a statistically significant absolute change from baseline in pulmonary vascular resistance, or PVR, compared to placebo. Ralinepag also demonstrated numerical improvement in 6-minute walk distance, or 6MWD.

The Phase 2 study was a randomized, double-blind, placebo-controlled, dose-ranging study in 61 adult patients with PAH, WHO/NYHA functional class II-IV. Study medication was titrated over nine weeks, followed by a 13-week treatment period. The primary efficacy analysis was absolute change from baseline in PVR at week 22. Additional endpoints included change from baseline in 6-minute walk test, proportion of subjects who exhibit clinical worsening and safety and tolerability. Patients who completed week 22 could transition to an open-label ralinepag extension study.

Ralinepag improved median PVR by 163.9 dyn.s.cm-5 from baseline compared to a 0.7 dyn.s.cm-5 worsening from baseline in the placebo arm (P=0.02). Patients treated with ralinepag had a 29.8% improvement in PVR compared to the placebo arm (P=0.03) and a 20.1% improvement in PVR compared to baseline. The study was not powered to show a difference in 6MWD from placebo and, while between group comparison directionally favored ralinepag, this was a not a statistically-significant finding. Patients receiving ralinepag did demonstrate a 36m increase from baseline, a statistically significant within group increase.

Adverse events observed in the study were consistent with other prostacyclin treatments for the management of PAH, with headache, nausea, diarrhea, jaw pain and flushing being the most commonly reported adverse events. Serious adverse events occurred in four (10%) of the patients taking ralinepag and in six (28.6%) of the patients taking placebo. There were no deaths among the patients taking ralinepag and there were two deaths in the placebo group.

We plan to present full study results at future medical congresses.

Etrasimod

We had previously reported that the etrasimod Phase 2 study in ulcerative colitis would enroll up to 160 patients. We currently expect the final enrollment to be in the range of 120-160 patients.

APD371

We recently announced the design of the ongoing Phase 2a investigation into the treatment of pain associated with Crohn s disease. The study is a randomized, open-label, study to evaluate tolerability, pharmacokinetics, and efficacy in up to 20 subjects with Crohn s disease pain.

Certain Preliminary Financial Results

As of June 30, 2017, we had approximately $130.8 million of cash and cash equivalents. This amount is unaudited and preliminary, is subject to completion of financial closing procedures that could result in changes to the amount, and does not present all information necessary for an understanding of our financial condition as of June 30, 2017.

Corporate Information

We were incorporated in the state of Delaware in April 1997. Our principal executive offices are located in the United States at 6154 Nancy Ridge Drive, San Diego, California 92121, and our telephone number is 858.453.7200. In addition, we have clinical operations and manufacturing operations in Zug and Zofingen, Switzerland, respectively. Our website address is www.arenapharm.com. The information contained in, and that can be accessed through, our website is not incorporated into and does not form a part of this prospectus supplement, the accompanying prospectus or any of the documents incorporated by reference herein.

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The Offering

Common stock to be offered by us	shares
Option to purchase additional shares from us	We have granted the underwriters an option for 30 days from the date of this prospectus supplement to purchase up to an aggregate of additional shares of our common stock.
Common stock to be outstanding after this offering	shares (or shares if the underwriters exercise in full their option to purchase additional shares)
Use of proceeds	We intend to use the net proceeds from this offering for the clinical and preclinical development of drug candidates, including our planned Phase 3 clinical trial of ralinepag for the treatment of PAH, for general corporate purposes, including working capital and costs associated with manufacturing services, and for capital expenditures. See the section entitled Use of Proceeds.
Risk factors	You should read the section entitled Risk Factors on page S-4 for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
NASDAQ Global Select Market symbol	ARNA

The number of shares of common stock outstanding immediately following this offering set forth above is based on 31,775,010 shares of common stock outstanding as of June 30, 2017 and excludes, as of that date:

- 4,193,992 shares of common stock issuable upon the exercise of outstanding stock options at a weighted-average exercise price of $21.46 per share;
- 2,813,153 shares of common stock available for future issuance under our 2017 Long-Term Incentive Plan;
- 22,595 shares of common stock issuable pursuant to restricted stock units; and
- 77,888 shares of common stock issuable upon achieving target for the Total Stockholder Return Performance Restricted Stock Unit awards.

Unless otherwise indicated, all information in this prospectus supplement assumes no exercise of the underwriters option to purchase additional shares.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. Our business, prospects, financial condition or operating results could be materially adversely affected by the risks identified below, as well as other risks not currently known to us or that we currently consider immaterial. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. Before deciding whether to invest in our common stock, you should consider carefully the risk factors discussed below and those contained in the section entitled Risk Factors contained in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission, or SEC, which is incorporated herein by reference in its entirety, as well as any amendment or update to our risk factors reflected in subsequent filings with the SEC.

Risks Related to this Offering

Management will have broad discretion as to the use of the net proceeds from this offering, and may not use the proceeds effectively.

Because we have not designated the amount of net proceeds from this offering to be used for any particular purpose, our management will have broad discretion as to the application of the net proceeds from this offering and could use them for purposes other than those contemplated at the time of the offering. Our management may use the net proceeds for corporate purposes that may not improve our financial condition or market value.

You may experience immediate and substantial dilution in the book value per share of the common stock you purchase in this offering.

Since the price per share of our common stock being offered in this offering is substantially higher than the net tangible book value per share of our common stock, you will suffer substantial dilution with respect to the net tangible book value of the common stock you purchase in this offering. Based on the public offering price of $ per share and our net tangible book value as of March 31, 2017, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of $ per share with respect to the net tangible book value of the common stock. The exercise of outstanding stock options and the settlement of restricted stock units may result in further dilution of your investment. See the section entitled Dilution for a more detailed discussion of the dilution you will incur if you purchase common stock in this offering.

You may experience future dilution as a result of future equity offerings.

In order to raise additional capital, we may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock at prices that may not be the same as the price per share in this offering, including through our at-the-market equity offering program. In January 2017, we entered into an Equity Distribution Agreement, pursuant to which we may sell and issue shares of our common stock having an aggregate offering price of up to $50 million from time to time in transactions that are deemed to be at-the-market offering as defined in Rule 415 under the Securities Act of 1933, as amended, or the Securities Act. As of June 30, 2017, we had sold approximately 489,000 shares of our common stock at an average price of $15.05 per share under the Equity Distribution Agreement, for aggregate gross proceeds of $7.4 million before deducting commissions and other issuance costs. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by investors in this offering, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders. The price per share at which we sell additional shares of our common

stock, or securities convertible or exchangeable into common stock, in future transactions may be higher or lower than the price per share paid by investors in this offering.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents that we incorporate by reference herein and therein, contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These forward-looking statements can generally be identified as such because the context of the statement may include words such as may, will, intend, plan, believe, anticipate, expect, estimate, predict, potential, continu opportunity, the negative of these words or words of similar import, though not all forward-looking statement contain these identifying words. Similarly, statements that describe our future plans, strategies, intentions, expectations, objectives, goals or prospects are also forward-looking statements. Discussions containing these forward-looking statements may be found, among other places, in the Business and Management s Discussion and Analysis of Financial Condition and Results of Operations sections incorporated by reference from our most recent Annual Report on Form 10-K, as well as any amendments thereto reflected in subsequent filings with the SEC. These forward-looking statements are based largely on our expectations and projections about future events and future trends affecting our business, and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. The risks and uncertainties include, among others, those noted in Risk Factors above and those included in the documents that we incorporate by reference herein.

In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. Except as required by law, we undertake no obligation to publicly revise our forward-looking statements to reflect events or circumstances that arise after the filing of this prospectus supplement or the filing of the accompanying prospectus or documents incorporated by reference herein and therein that include forward-looking statements.

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USE OF PROCEEDS

We estimate the net proceeds to us from this offering will be approximately $140.8 million (or $162.0 million if the underwriters exercise in full their option to purchase additional shares), after payment of the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for the clinical and preclinical development of drug candidates, including our planned Phase 3 clinical trial of ralinepag for the treatment of PAH, for general corporate purposes, including working capital and costs associated with manufacturing services, and for capital expenditures. In addition, we may use a portion of the net proceeds to acquire drugs or drug candidates, technologies, businesses or other assets, although we have no current plans, commitments or agreements to do so as of the date of this prospectus supplement.

The timing and amount of our actual expenditures will be based on many factors, including the timing and success of our preclinical and clinical trials, our current and any future collaborations for our research and development programs, whether we choose to curtail some of our research or development activities and whether we achieve regulatory approval of any new drug candidates. We will retain broad discretion in determining how we will allocate the net proceeds from this offering.

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DILUTION

Our net tangible book value as of March 31, 2017 was approximately $24.5 million, or $0.99 per share. Net tangible book value per share is determined by dividing our total tangible assets, less total liabilities, by the number of shares of our common stock outstanding as of March 31, 2017.

After giving effect to the sale of shares of our common stock in this offering at the public offering price of $ per share and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of March 31, 2017 would have been approximately $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and immediate dilution in net tangible book value of $ per share to investors purchasing common stock in this offering.

The following table illustrates this dilution on a per share basis:

Public offering price per share		$
Net tangible book value per share as of March 31, 2017	$ 0.99	
Increase in net tangible book value per share attributable to this offering		
As adjusted net tangible book value per share as of March 31, 2017, after giving effect to this offering		$
Dilution per share to new investors purchasing shares in this offering		$

If the underwriters exercise in full their option to purchase up to additional shares of common stock at the public offering price of $ per share, the as adjusted net tangible book value after this offering would be $ per share, representing an increase in net tangible book value of $ per share to existing stockholders and immediate dilution in net tangible book value of $ per share to investors purchasing our common stock in this offering.

The above discussion and table are based on 24,772,875 shares of our common stock issued and outstanding as of March 31, 2017 and exclude as of that date:

- 3,951,457 shares of common stock issuable upon the exercise of outstanding stock options at a weighted-average exercise price of $22.30 per share;
- 563,571 shares of common stock available for future issuance under our 2013 Long-Term Incentive Plan;
- 50,297 shares of common stock issuable pursuant to restricted stock units;

77,888 shares of common stock issuable upon achieving target for the Total Stockholder Return Performance Restricted Stock Unit awards;

110,325 shares of common stock available for future issuance under our 2009 Employee Stock Purchase Plan, as amended; and

6,250 shares of common stock available for future issuance under our Deferred Compensation Plan.

To the extent that outstanding options are exercised or outstanding restricted stock units are settled, you may experience further dilution. We may choose to raise additional capital due to market conditions or strategic considerations even if at that time we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

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UNDERWRITING

Citigroup Global Markets Inc., Leerink Partners LLC, Cantor Fitzgerald & Co. and UBS Securities LLC are acting as joint book-running managers of this offering. Citigroup Global Markets Inc. and Leerink Partners LLC are also acting as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter s name in the following table.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	
Leerink Partners LLC	
Cantor Fitzgerald & Co.	
UBS Securities LLC	
JMP Securities LLC	
Total	

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the underwriters option to purchase additional shares described below) if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount from the public offering price not to exceed $ per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

If the underwriters sell more shares than the total number set forth in the table above, we have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an additional $22,500,000 of shares at the public offering price less the underwriting discount. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter s initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We and our executive officers and directors have agreed that, subject to specified limited exceptions, for a period of 60 days from the date of this prospectus supplement, we and they will not, without the prior written consent of Citigroup Global Markets Inc. and Leerink Partners LLC, dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. Citigroup Global Markets Inc. and Leerink Partners LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time.

The shares are listed on The NASDAQ Global Select Market under the symbol ARNA.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional shares.

	Paid by Arena	
	No Exercise	**Full Exercise**
Per share	$	$
Total	$	$

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We estimate that our total expenses for this offering will be $185,000. We have also agreed to reimburse the underwriters for certain FINRA-related expenses and other expenses incurred by them in connection with this offering in an amount up to $10,000.

In connection with the offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the underwriters option to purchase additional shares, and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering.

Covered short sales are sales of shares in an amount up to the number of shares represented by the underwriters option to purchase additional shares.

Naked short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters option to purchase additional shares.

Covering transactions involve purchases of shares either pursuant to the underwriters option to purchase additional shares or in the open market in order to cover short positions.

To close a naked short position, the underwriters must purchase shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

To close a covered short position, the underwriters must purchase shares in the open market or must exercise the option to purchase additional shares. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriters option to purchase additional shares.

Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on The NASDAQ Global Select Market, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Conflicts of Interest

The underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us

from time to time for which they have received no more than customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates

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may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus supplement may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an offer of securities to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus supplement. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus supplement and the accompanying prospectus are only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order, or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a relevant person). This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

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Notice to Prospective Investors in France

Neither this prospectus supplement nor any other offering material relating to the shares described in this prospectus supplement has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers.* The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus supplement nor any other offering material relating to the shares has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d investisseurs), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

in a transaction that, in accordance with article L.411-2-II-1° -or-2° -or 3° of the French Code monétaire et financier and article 211-2 of the General Regulations (Règlement Général) of the Autorité des Marchés Financiers, does not constitute a public offer (appel public à l épargne).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares offered in this prospectus supplement have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the

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offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interes