

Pacira Pharmaceuticals, Inc.  
Form DEF 14A  
April 21, 2015

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[PROXY STATEMENT TABLE OF CONTENTS](#)

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

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**PACIRA PHARMACEUTICALS, INC.**

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(Name of Registrant as Specified In Its Charter)

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

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Table of Contents

**PACIRA PHARMACEUTICALS, INC.**  
**5 Sylvan Way, Suite 300**  
**Parsippany, New Jersey 07054**

**NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD JUNE 2, 2015**

You are cordially invited to attend the 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Pacira Pharmaceuticals, Inc., which will be held on Tuesday, June 2, 2015, at 2:00 p.m. Eastern Daylight Time, at our corporate headquarters, located at 5 Sylvan Way, Suite 300, Parsippany, New Jersey 07054.

Only stockholders who owned common stock at the close of business on April 15, 2015 can vote at the Annual Meeting or any adjournment that may take place. At the Annual Meeting, the stockholders will be asked to:

1. Elect three Class I directors to our board of directors to serve until the 2018 Annual Meeting of Stockholders (Proposal 1);
2. Ratify the appointment of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 (Proposal 2);
3. Approve, on an advisory basis, the compensation of our named executive officers (Proposal 3); and
4. Transact any other business properly brought before the Annual Meeting.

You can find more information, including the nominees for directors and details regarding executive compensation and our independent registered public accounting firm, in the attached proxy statement.

The board of directors recommends that you vote in favor of each of the above proposals, each as outlined in the attached proxy statement.

We cordially invite all stockholders to attend the Annual Meeting in person. Stockholders of record at the close of business on April 15, 2015, the record date for the Annual Meeting, are entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof. Whether or not you expect to attend the Annual Meeting in person, please execute your vote promptly by following the instructions described under "How do I vote" on page 2 of the proxy statement. If you execute your vote prior to the Annual Meeting and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the proxy statement.

By order of the Board of Directors,

/s/ KRISTEN WILLIAMS

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Kristen Williams

*Chief Administrative Officer, General Counsel and Secretary*

Parsippany, NJ  
April 21, 2015

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE EXECUTE YOUR VOTE PROMPTLY BY FOLLOWING THE INSTRUCTIONS DESCRIBED UNDER "HOW DO I VOTE" ON PAGE 2 OF THE PROXY STATEMENT. THIS WILL ENSURE THE PRESENCE OF A QUORUM AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO EVEN IF YOU HAVE PREVIOUSLY VOTED.**

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Table of Contents

**2015 PROXY STATEMENT SUMMARY**

*This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. You should read the entire Proxy Statement carefully before voting.*

**GENERAL INFORMATION**

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(see pages 1-4)

**Meeting:** 2015 Annual Meeting of Stockholders

**Date:** Tuesday, June 2, 2015

**Time:** 2:00 p.m. Eastern Daylight Time

**Location:** Pacira Headquarters, 5 Sylvan Way, Suite 300,  
Parsippany, New Jersey 07054

**Record Date:** April 15, 2015

**Record Date Shares Outstanding:** 36,431,908 shares

**Stock Symbol:** PCRX

**Exchange:** NASDAQ

**Registrar & Transfer Agent:** Computershare Trust Company, N.A.

**State of Incorporation:** Delaware

**Public Company Since:** February 2011

**Corporate Headquarters:** 5 Sylvan Way, Suite 300,  
Parsippany, New Jersey 07054

**Corporate Website:** [www.pacira.com](http://www.pacira.com)

**ANNUAL MEETING AGENDA (Board Recommendation)**

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(see page 1)

**Election of Three Directors ("FOR")**

**Ratification of Appointment of CohnReznick LLP as our Independent Registered Public Accounting Firm ("FOR")**

**Approval, on an Advisory Basis, of the Compensation of our Named Executive Officers ("FOR")**

**Transact Other Business That May Properly Come Before the Meeting**

**2014 BUSINESS HIGHLIGHTS**

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(see pages 24-25)

Total stockholder return in 2014 of approximately 54% and over 1,100% since our 2011 IPO.

EXPAREL® revenue growth in 2014 of 147% over 2013 and the addition of 1,187 new EXPAREL accounts.

FDA approval of Suite C manufacturing facilities in San Diego, California.

Execution of manufacturing agreements with Patheon UK Limited to expand manufacturing and packaging capabilities in the United Kingdom.

**EXECUTIVE COMPENSATION HIGHLIGHTS**

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(see pages 24-34)

**Say-on-Pay Vote:** We hold an annual say-on-pay vote. Approximately 99% of the votes cast at the 2014 Annual Meeting of Stockholders approved, on an advisory basis, the compensation of our named executive officers.

**2014 Compensation Highlights:**

Despite outstanding business and stock price performance, total cash compensation to our named executive officers was targeted at the 25th percentile of our applicable peer group.

Our named executive officers were granted stock options in 2014 with values targeted at or above the 75th percentile of our applicable peer group after not receiving any equity awards during 2013. We believe the equity grants in 2014 were necessary and appropriate to reward our executive officers for outstanding performance, to enhance retention and to further incentivize and align our executive officers' interests with stockholders.

**CORPORATE GOVERNANCE**

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(see pages 12-17)

**Class I Director Nominees: 3**

Laura Brege (Independent)

Mark Kronenfeld (Independent)

Dennis Winger (Independent)

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**Director Term:** Classified; 3 year terms

**Director Election Standard:** Plurality with a majority vote director resignation policy

**Board Meetings in 2014:** 5

**Executive Sessions:** Yes

**Lead Independent Director:** Yes

**Standing Board Committees (Meetings in 2014):**

Audit (7), Compensation (6), Nominating and Corporate Governance (1)

**Independent Board Committees:** All

**Substantial Majority of Directors Independent:** Yes

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Table of Contents

**PROXY STATEMENT TABLE OF CONTENTS**

	<b>Page</b>
<u>Information About the Annual Meeting and Voting</u>	<u>1</u>
<u>Proposal No. 1 Election of Class I Directors</u>	<u>5</u>
<u>Executive Officers</u>	<u>10</u>
<u>Corporate Governance</u>	<u>12</u>
<u>Director Nomination Process</u>	<u>12</u>
<u>Majority Vote Director Resignation Policy</u>	<u>12</u>
<u>Director Independence</u>	<u>13</u>
<u>Board Committees</u>	<u>13</u>
<u>Board and Committee Meetings Attendance</u>	<u>15</u>
<u>Director Attendance at Annual Meeting of Stockholders</u>	<u>15</u>
<u>Code of Business Conduct and Ethics</u>	<u>15</u>
<u>Board Leadership Structure and Board's Role in Risk Oversight</u>	<u>16</u>
<u>No Hedging or Pledging</u>	<u>17</u>
<u>Communication with the Board</u>	<u>17</u>
<u>Director Compensation</u>	<u>18</u>
<u>Non-Employee Director Compensation Policy</u>	<u>18</u>
<u>Director Compensation</u>	<u>19</u>
<u>Proposal No. 2 Ratification of the Appointment of CohnReznick LLP as our Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2015</u>	<u>21</u>
<u>Report of the Audit Committee</u>	<u>23</u>
<u>Executive Compensation</u>	<u>24</u>
<u>Compensation Discussion and Analysis</u>	<u>24</u>
<u>Compensation Committee Report</u>	<u>34</u>
<u>Summary Compensation Table</u>	<u>35</u>
<u>Grants of Plan-Based Awards</u>	<u>36</u>
<u>Outstanding Equity Awards at Fiscal Year-End</u>	<u>37</u>
<u>Option Exercises and Stock Vested</u>	<u>38</u>
<u>Employment Agreements, Severance and Change of Control Arrangements</u>	<u>38</u>
<u>Proposal No. 3 Advisory Vote to Approve the Compensation of our Named Executive Officers</u>	<u>42</u>
<u>Related Person Transactions</u>	<u>43</u>
<u>Principal Stockholders</u>	<u>46</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>50</u>
<u>Householding</u>	<u>50</u>
<u>Stockholder Proposals</u>	<u>50</u>
<u>Other Matters</u>	<u>51</u>



Table of Contents

**PACIRA PHARMACEUTICALS, INC.**  
**5 Sylvan Way, Suite 300**  
**Parsippany, New Jersey 07054**  
**(973) 254-3560**

**PROXY STATEMENT**  
**For the 2015 Annual Meeting of Stockholders to be held on June 2, 2015**

This proxy statement contains information about the 2015 Annual Meeting of Stockholders of Pacira Pharmaceuticals, Inc. (the "Annual Meeting") to be held on Tuesday, June 2, 2015, at 2:00 p.m. Eastern Daylight Time, at our corporate headquarters, located at 5 Sylvan Way, Suite 300, Parsippany, New Jersey 07054. This proxy statement will first be made available to stockholders on or about April 21, 2015. It is furnished to stockholders of Pacira Pharmaceuticals, Inc. in connection with the solicitation of proxies by our board of directors. In this proxy statement, unless expressly stated otherwise or the context otherwise requires, the use of "Pacira," the "Company," "our," "we" or "us" refers to Pacira Pharmaceuticals, Inc. and its subsidiaries.

**This proxy statement and our 2014 annual report to stockholders are available at [www.proxyvote.com](http://www.proxyvote.com).**

All properly submitted proxies will be voted in accordance with the instructions contained in those proxies. If no instructions are specified, the proxies will be voted in accordance with the recommendation of our board of directors with respect to each of the matters set forth in the accompanying Notice of 2015 Annual Meeting of Stockholders.

**Purpose of the Annual Meeting**

At the Annual Meeting, our stockholders will consider and vote on the following matters:

1. To elect three Class I directors to our board of directors to serve until the 2018 annual meeting of stockholders (Proposal 1);
2. To ratify the appointment of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 (Proposal 2);
3. To approve, on an advisory basis, the compensation of our named executive officers (Proposal 3); and
4. To transact any other business properly brought before the Annual Meeting.

As of the date of this proxy statement, we are not aware of any business to come before the meeting other than Proposals 1 through 3, noted above.

**Who can attend the Annual Meeting?**

Only stockholders of record at the close of business on the record date of April 15, 2015, are entitled to receive notice of the Annual Meeting and to vote the shares of our common stock that they held on that date. As of the close of business on April 15, 2015, there were 36,431,908 shares of



Table of Contents

common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

**What is the difference between being a "Stockholder of Record" and being a beneficial owner of shares held in "street name?"**

**Stockholder of Record.** If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are considered a "stockholder of record" of those shares. In this case, a set of proxy materials has been sent to you directly by us.

**Beneficial Owners of Shares Held in Street Name.** If your shares are held in a brokerage account or by a bank, trust or other nominee or custodian, then you are considered the beneficial owner of those shares, which are held in "street name." In this case, a set of proxy materials has been forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As the beneficial owner, you have the right to instruct that organization as to how to vote the shares held in your account.

**How do I vote?**

**Stockholder of Record.** If you are a stockholder of record, you can vote your shares over the Internet, by telephone as described on the proxy card, or by mail by marking, signing, dating and mailing your proxy card in the postage-paid envelope provided. Your designation of a proxy is revocable by following the procedures outlined in this proxy statement. The method by which you vote will not limit your right to vote in person at the Annual Meeting. If you receive hard copy materials and sign and return your proxy card without specifying choices, your shares will be voted as recommended by our board of directors.

Telephone and Internet voting for stockholders of record will be available up until 11:59 PM Eastern Daylight Time on June 1, 2015, and mailed proxy cards must be received prior to the start of the Annual Meeting in order to be counted at the Annual Meeting. If the Annual Meeting is adjourned or postponed, these deadlines may be extended.

**Beneficial Owners of Shares Held in Street Name.** If you hold your shares through a broker, bank, or other nominee in "street name," you need to submit voting instructions to your broker, bank or other nominee in order to cast your vote. You may mark, sign, date and mail the accompanying voting instruction form in the postage-paid envelope provided. Your vote is revocable by following the procedures outlined in this proxy statement. However, since you are not a stockholder of record you may not vote your shares in person at the Annual Meeting without obtaining a legal proxy from your broker, bank or other nominee.

The voting deadlines and availability of telephone and Internet voting for beneficial owners of shares held in "street name" will depend on the voting processes of the organization that holds your shares. Therefore, we urge you to carefully review and follow the voting instructions card and any other materials that you receive from that organization.

**What are "broker non-votes" and how do they affect the proposals?**

A broker non-vote occurs when a broker, bank, or other nominee holding shares for a beneficial owner in "street name" does not vote the shares on a proposal because the nominee does not have discretionary voting power for a particular item and has not received instructions from the beneficial owner regarding voting. Brokers who hold shares for the accounts of their clients have discretionary authority to vote shares if specific instructions are not given with respect to "routine" items.

If your shares are held by a broker on your behalf and **you do not instruct the broker** as to how to vote your shares on Proposals 1 or 3, the broker **may not exercise discretion** to vote for or against those

Table of Contents

proposals because each of these proposals are considered "non-routine" under applicable rules. With respect to Proposal 2, the ratification of the appointment of our independent registered public accounting firm, the broker *may exercise its discretion* to vote for or against that proposal in the absence of your instruction. Broker non-votes are not counted as votes in favor of or against any proposal.

**What constitutes a quorum at the Annual Meeting?**

A quorum of stockholders is necessary to hold a valid meeting. Our amended and restated bylaws provide that a quorum will exist if stockholders holding a majority of the outstanding shares of common stock are present at the meeting in person or by proxy. Abstentions and broker non-votes count as present for establishing a quorum, provided that the broker has voted on at least the ratification of the appointment of our auditors, but will not be counted as votes cast. If a quorum is not present, the meeting may be adjourned until a quorum is obtained.

**What votes are required to elect directors and to approve the other proposals in this proxy statement?**

**Election of Directors.** To be elected, director nominees must receive a plurality of the votes cast (the three nominees receiving the highest number of "FOR" votes cast will be elected). "WITHHOLD" votes and broker non-votes will have no effect on the outcome of Proposal 1. Cumulative voting is not permitted. See "Corporate Governance Majority Vote Director Resignation Policy" (below) regarding director nominees who receive a greater number of votes "WITHHELD" than votes "FOR" their election.

**Ratification of Appointment of Auditor and Say on Pay.** The affirmative vote of a majority of the shares of common stock present or represented by proxy and cast at the meeting ("FOR" or "AGAINST") is required to (a) ratify the appointment of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 (Proposal 2), and (b) approve, on an advisory basis, the compensation of our named executive officers (Proposal 3). Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of these proposals.

**What are the recommendations of the board of directors?**

Our board of directors recommends that you vote:

**FOR** the election of each of the three nominees to serve as Class I directors on our board of directors, each for a three-year term;

**FOR** the ratification of the selection of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015; and

**FOR** the approval, on an advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement.

**What can I do if I change my mind after I vote?**

**Stockholder of Record.** If you are a stockholder of record, you may revoke your proxy before the vote is taken at the meeting by:

submitting a new proxy with a later date before the applicable deadline either signed and returned by mail or transmitted using the telephone or Internet voting procedures described in the "How do I vote" section above;

by voting in person at the Annual Meeting; or

by filing a written revocation with our Secretary.



Table of Contents

**Beneficial Owners of Shares Held in Street Name.** If your shares are held in "street name," you may submit new voting instructions by contacting your broker or other organization holding your account. You may also vote in person at the Annual Meeting, which will have the effect of revoking any previously submitted voting instructions, if you obtain a legal proxy from the organization that holds your shares as described in the "How do I vote" section above.

Whether you are a stockholder of record or a beneficial owner of shares held in street name, your attendance at the Annual Meeting will not automatically revoke your proxy.

**Who pays for the cost to solicit proxies for the Annual Meeting?**

We will bear all expenses incurred in connection with the solicitation of proxies. We will reimburse brokers, fiduciaries and custodians for their costs in forwarding proxy materials to beneficial owners of common stock. Our directors, officers and employees also may solicit proxies by mail, telephone and personal contact. They will not receive any additional compensation for these activities. We may also elect to engage the services of a proxy solicitation firm to assist us in the solicitation of proxies, for which we would expect to pay customary fees and reimburse customary expenses.

**How can I find the results of the voting after the Annual Meeting?**

We will announce preliminary voting results at the Annual Meeting and will publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days following the Annual Meeting.

Table of Contents

**PROPOSAL NO. 1 ELECTION OF CLASS I DIRECTORS**

**Board Composition**

Our board of directors currently consists of nine members. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

In accordance with the terms of our amended and restated certificate of incorporation and amended and restated bylaws, our board of directors is divided into three classes: Class I, Class II and Class III, with each class serving staggered three-year terms. Upon the expiration of the term of a class of directors, directors in that class will be eligible to be elected for a new three-year term at the annual meeting of stockholders in the year in which their term expires. The current members of the classes are divided as follows:

Class I: Laura Brege, Mark Kronenfeld, and Dennis Winger, and their term expires at the 2015 Annual Meeting.

Class II: Paul Hastings, John Longenecker, and Andreas Wicki, and their term expires at the annual meeting of stockholders to be held in 2016.

Class III: Yvonne Greenstreet, Gary Pace, and David Stack, and their term expires at the annual meeting of stockholders to be held in 2017.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that the authorized number of directors may be changed only by resolution of the board of directors. Our amended and restated certificate of incorporation and amended and restated bylaws also provide that our directors may be removed only for cause by the affirmative vote of the holders of at least 75% of the votes that all our stockholders would be entitled to cast in an annual election of directors, and that any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

**Nominees for Election as Class I Directors for Election to a Three-Year Term Expiring at the 2018 Annual Meeting of Stockholders**

Biographical information for our directors who are up for re-election at our 2015 Annual Meeting is set forth below.

<b>Laura Brege</b>	Ms. Brege has served as a director since June 2011. Since September 2012, she has served as the president and chief executive officer of Nodality, Inc., a biotechnology company focused on therapeutic drug development. Previously, Ms. Brege held the roles of chief operating officer and executive vice president and chief business officer for Onyx Pharmaceuticals, Inc. ("Onyx"), a biopharmaceutical company that develops and markets medicines for the treatment of cancer. Prior to joining Onyx in 2006, Ms. Brege was a general partner at Red Rock Capital Management, a venture capital firm, and senior vice president and chief financial officer at COR Therapeutics, Inc. Ms. Brege currently serves as a director of Acadia Pharmaceuticals Inc. (NASDAQ: ACAD), Aratana Therapeutics, Inc. (NASDAQ: PETX), Dynavax Technologies Corporation (NASDAQ: DVAX), and Portola Pharmaceuticals, Inc. (NASDAQ: PTLA). She previously served as a member of the board of directors of Angiotech Pharmaceuticals Inc. from 2007 to 2011 and Delcath Systems, Inc. from 2012 to 2014. Ms. Brege earned her undergraduate degree from Ohio University and has an M.B.A. from the University of Chicago. We believe Ms. Brege's qualifications to sit on our board of directors include her extensive experience in the pharmaceutical and biotechnology industries, including as a public company director.
Age 57	
Director since June 2011	

Table of Contents

**Mark A. Kronenfeld, M.D.**

Age 60

Director since June 2013

Dr. Kronenfeld has served as a director since June 2013. Dr. Kronenfeld has been the Vice Chairman of Anesthesiology at Maimonides Medical Center, a large tertiary care academic medical center in New York City, since March 2009, and has served as Medical Director of Perioperative Services for Maimonides Medical Center since January 2011. Dr. Kronenfeld is a managing partner of Anesthesia Associates of Boro Park, a private medical practice, and a managing partner of Strategic Medical Management Partners. In 2001, Dr. Kronenfeld founded Ridgemark Capital Management ("Ridgemark"), a healthcare-focused hedge fund that invested in public and private healthcare and biomedical companies. He served as the Managing Partner and Portfolio Manager of Ridgemark from April 2001 to December 2008. Dr. Kronenfeld has founded and/or managed various consulting and investment companies focused on healthcare and medical technologies and has served on and chaired multiple leadership committees for various hospitals and medical centers. Previously, Dr. Kronenfeld taught and practiced adult and pediatric cardiac anesthesia at NYU and was Chief of Cardiac Anesthesiology at Hackensack University Medical Center and President of GMS Anesthesia Associates, a private medical practice. Dr. Kronenfeld received his M.D. degree and completed his residency in Anesthesiology at the University of California, San Diego School of Medicine, and completed a fellowship in Cardiothoracic Anesthesiology at New York University Medical Center. While an Assistant Professor and Attending Cardiac Anesthesiologist at NYU, Dr. Kronenfeld received and completed a Kellogg-sponsored Fellowship in Health Care Management for Future Leaders in Health Care at NYU's Graduate School of Management. We believe Dr. Kronenfeld's significant leadership experience in the hospital setting and experience in conducting clinical trials provide valuable insight and perspective to our board of directors.

**Dennis L. Winger**

Age 67

Director since September 2013

Mr. Winger has served as a director since September 2013. Most recently, Mr. Winger was Senior Vice President and Chief Financial Officer of Applera Corporation, a life sciences company, from September 1997 until his retirement in December 2008. Previously, Mr. Winger served as Senior Vice President, Finance and Administration, and Chief Financial Officer of Chiron Corporation, a biotechnology company acquired by Novartis International in 2006. Mr. Winger currently serves as a director of Accuray Incorporated (NASDAQ: ARAY), a radiation oncology company, and Nektar Therapeutics (NASDAQ: NKTR), a clinical-stage biopharmaceutical company. He previously served on the boards of Vertex Pharmaceuticals Incorporated (NASDAQ: VRTX), from 2009 to 2012, Cephalon, Inc., from 2003 to 2011, and Cell Genesys, Inc., from 2004 to 2009. Mr. Winger also serves on the Board of Trustees of Siena College. Mr. Winger holds a B.A. in History from Siena College and an M.B.A. from Columbia University Graduate School of Business. We believe Dr. Winger's qualifications to sit on our board of directors include his extensive financial and leadership experience as chief financial officer for various life sciences companies and his experience as a director on several public company boards.

Proxies will be voted in favor of the nominees unless a contrary specification is made in the proxy. The nominees have consented to serve as directors of Pacira if elected. However, if any of the nominees are unable to serve or for good cause will not serve as a director, the persons named in the proxy intend to vote in their discretion for one or more substitutes who will be designated by our board of directors.

**Recommendation of the Board of Directors**

***THE BOARD OF DIRECTORS RECOMMENDS VOTING "FOR" THE ELECTION OF EACH DIRECTOR NOMINEE.***



Table of Contents

**Directors Continuing in Office**

Biographical information for our directors continuing in office is set forth below.

***Class II Directors (Term Expires at 2016 Annual Meeting)***

***Paul Hastings*** Mr. Hastings has served as a director since June 2011 and as our Lead Director since June 2013. Mr. Hastings has been the president and chief executive officer and a member of the board of directors of OncoMed Pharmaceuticals, Inc. (NASDAQ: OMED), a clinical development-stage biopharmaceutical company, since January 2006. In August 2013, he was elected chairman of the board. Prior to joining OncoMed, Mr. Hastings was president and chief executive officer of QLT, Inc., a biotechnology company focused on the development and commercialization of ocular products. Before this role, Mr. Hastings served as president and chief executive officer of Axys Pharmaceuticals, Inc., which was acquired by Celera Corporation in 2001. Prior to Axys, Mr. Hastings was president of Chiron Biopharmaceuticals and also held a variety of management positions of increasing responsibility at Genzyme Corporation, including president of Genzyme Therapeutics Europe and president of Worldwide Therapeutics. Mr. Hastings was Chairman of the Board of Proteolix (sold to Onyx) and was a member of the board of directors of ViaCell Inc. (sold to Perkin Elmer). Mr. Hastings currently serves on the board of directors of Relypsa Inc., a clinical-stage publicly-traded biopharmaceutical company, and the Bay Area Biosciences Association (Bay Bio), and he is on the board of directors and executive committee of the Biotechnology Industry Organization. He received a Bachelor of Science degree in pharmacy from the University of Rhode Island. We believe Mr. Hastings' qualifications to sit on our board of directors include his financial expertise and his extensive experience in the pharmaceutical and biotechnology industries.

Age 55

Director Since June 2011

***John Longenecker, Ph.D.*** Dr. Longenecker has served as a director since July 2007. Dr. Longenecker served as president and chief executive officer of HemaQuest Pharmaceuticals, Inc., a biopharmaceutical company focused on the development of therapeutics for blood diseases, from October 2010 until May 2014. From December 2009 to March 2010, Dr. Longenecker served as the president and chief executive officer of VitreoRetinal Technologies Inc., an ophthalmic biopharmaceutical company. From February 2002 to January 2009, Dr. Longenecker was the president and chief executive officer and a member of the board of directors of Favrilite, Inc. In 1992, Dr. Longenecker joined DepoTech as senior vice president of research, development and operations and then served as president and chief operating officer from February 1998 to March 1999. Under Dr. Longenecker's leadership, DepoTech took its lead product, DepoCyt(e), from early pre-clinical research and development through to commercial launch. Following SkyePharma PLC's acquisition of DepoTech in 1999, Dr. Longenecker served as president for the U.S. operations of SkyePharma, Inc. and as a member of the executive committee for SkyePharma PLC. From 1982 to 1992, Dr. Longenecker was at Scios Inc. (Cal Bio), a biotechnology company where he served as vice-president and director of development. Dr. Longenecker was also a director of a number of Cal Bio subsidiaries during this period including Meta Bio and Karo Bio. Dr. Longenecker holds a B.S. in chemistry-education from Purdue University and a Ph.D. in biochemistry from The Australian National University. He was a post-doctoral fellow at Stanford University from 1980 to 1982. Dr. Longenecker's experience as the president of a public company demonstrates his leadership capability, extensive knowledge of complex financial and operational issues that public companies face, a thorough understanding of our business and industry, and business acumen to our board of directors. We believe Dr. Longenecker's extensive experience in the pharmaceutical and biotechnology industries, as well as his unique understanding of our DepoFoam technology, provides valuable background and insight to our board of directors.

Age 55

Director since July 2007

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### Table of Contents

**Andreas Wicki, Ph.D.**  
Age 56  
Director since December 2006

Dr. Wicki has served as a director since our inception in December 2006. Dr. Wicki is a life sciences entrepreneur and investor with over 20 years of experience in the pharmaceutical and biotechnology industries. Dr. Wicki has been chief executive officer of HBM Healthcare Investments AG (formerly HBM BioVentures AG) since 2001. From 1998 to 2001, Dr. Wicki was the senior vice president of the European Analytical Operations at MDS Inc. From 1990 to 1998, he was co-owner and chief executive officer of ANAWA Laboratorien AG and Clinserve AG, two life sciences contract research companies. From 2007 to 2011, he served as a member of the board of directors of PharmaSwiss SA. Previously, Dr. Wicki held board positions on several privately-held companies and companies listed on international exchanges. Dr. Wicki holds an M.Sc. and Ph.D. in chemistry and biochemistry from the University of Bern, Switzerland. He currently serves on the board of directors of Buchler GmbH, HBM Healthcare Investments (Cayman) Ltd., and HBM BioCapital Ltd. We believe Dr. Wicki's qualifications to sit on our board of directors include his extensive experience with pharmaceutical companies, his financial expertise and his years of experience providing strategic and advisory services to pharmaceutical and biotechnology organizations.

### ***Class III Directors (Term Expires at 2017 Annual Meeting)***

**Yvonne Greenstreet, MBChB**  
Age 52  
Director since March 2014

Dr. Greenstreet has served as a director since March 2014. Dr. Greenstreet most recently served as the Senior Vice President and Head of Medicines Development at Pfizer Inc. ("Pfizer"), a multinational pharmaceutical company based in New York, from December 2010 to November 2013. Prior to joining Pfizer, Dr. Greenstreet worked for 18 years at GlaxoSmithKline plc ("GSK"), a multinational pharmaceutical, biologics, vaccines and consumer healthcare company based in London, where she served in various positions, most recently as Senior Vice President and Chief of Strategy for Research and Development and as a member of GSK's corporate executive investment committee. Dr. Greenstreet currently serves on the Advisory Board of the Bill and Melinda Gates Foundation, and also currently serves on the board of directors of both Indivior PLC and Advanced Accelerator Applications S.A. Dr. Greenstreet previously served as a director of Molecular Insight Pharmaceuticals, Inc. from 2008 to 2010. She trained as a physician and earned her medical degree from Leeds University in the United Kingdom and her MBA from INSEAD, France. We believe Dr. Greenstreet's qualifications to sit on our board of directors include her significant experience in senior management roles at large pharmaceutical companies and her extensive expertise in drug development and commercialization.

**Gary Pace, Ph.D.**  
Age 67  
Director since June 2008

Dr. Pace has served as a director since June 2008. He was director to QRxPharma Ltd. (ASX: QRX) from 2001 to 2014. Dr. Pace has been a director of ResMed (NYSE: RMD) since 1994 and Transition Therapeutics Inc. (CDNX: TTH) since 2002. He previously served as a member of the board of directors at Celsion Corporation (NASDAQ: CLSN) from 2002 to 2010 and Peplin Inc. (ASX: PLI) from 2004 to 2009. He has more than 40 years of experience in the development and commercialization of advanced technologies, spanning biotechnology, pharmaceuticals, medical devices, and food industries. Dr. Pace was awarded a Centenary Medal by the Australian Government in 2003 "for service to Australian society in research and development" and was recognized as the 2011 Director of the Year (corporate governance) by the Corporate Directors Forum. Dr. Pace holds a B.Sc. with honors from the University of New South Wales and a Ph.D. from Massachusetts Institute of Technology. We believe Dr. Pace's qualifications to sit on our board of directors include his financial expertise and his years of experience providing strategic advisory services to complex organizations, including as a public company director.

Table of Contents

***David Stack***

Age 64

Director since  
November 2007

Mr. Stack has served as our president and chief executive officer and as a director since November 2007. In June 2013, Mr. Stack was appointed as the chairman of our board of directors. Mr. Stack has been a managing director of MPM Capital, a private equity firm, since 2005 and a managing partner of Stack Pharmaceuticals, Inc., a commercialization, marketing, and strategy firm, since 1998. From 2001 to 2004, he was president and chief executive officer of The Medicines Company (NASDAQ: MDCO). Previously, Mr. Stack was president and general manager at Innovex, Inc. He was vice president, business development/marketing at Immunomedics from 1993 until 1995. Prior to that, he was with Roche Laboratories in positions of increasing responsibility from 1981 until 1993, including therapeutic world leader in infectious disease and director, business development and planning, infectious disease, oncology, and virology. He currently serves as a member of the board of directors of Medivo, Inc. and Amarin Corporation plc. He also currently serves as Chairman of Chiasma, Inc. and is on the board of directors of the Biotechnology Industry Organization's (BIO) Emerging Company and Health Sections. He was a member of the boards of directors of Molecular Insight Pharmaceuticals, Inc. (NASDAQ: MIPI) from 2006 to 2010 and BioClinica, Inc. (NASDAQ: BIOC) from 1999 to 2010. Mr. Stack holds a B.S. in pharmacy from Albany College of Pharmacy and a B.S. in Biology from Siena College. We believe Mr. Stack's qualifications to sit on our board of directors include his extensive experience with pharmaceutical companies, his financial expertise and his years of experience providing strategic and financial advisory services to pharmaceutical and biotechnology organizations, including evaluating business strategy and commercial planning.

Table of Contents**EXECUTIVE OFFICERS**

The following sets forth certain information with respect to the executive officers of the Company as of April 21, 2015.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
David Stack	64	President and Chief Executive Officer, Chairman
James Scibetta	50	Senior Vice President, Chief Financial Officer and Head of Technical Operations
Gary Patou, M.D	56	Chief Medical Officer
Taunia Markvicka, Pharm D	46	Senior Vice President and Chief Commercial Officer
Kristen Williams	41	Chief Administrative Officer, General Counsel and Secretary

*David Stack* see "Directors Continuing in Office" above.

*James Scibetta* has served as our chief financial officer since August 2008 and was named senior vice president in 2014. He has also served as our head of technical operations since January 2015. Mr. Scibetta currently oversees finance and other support services, as well as manufacturing and research and development activities at our Science Center campus in San Diego, California. Prior to his employment at Pacira, Mr. Scibetta was chief financial officer of Bioenvision, Inc. (NASDAQ: BIVN) from 2006 until its acquisition by Genzyme, Inc. in 2007. From 2001 to 2006, Mr. Scibetta was executive vice president and chief financial officer of Merrimack Pharmaceuticals, Inc. Mr. Scibetta formerly served as a senior investment banker at Shattuck Hammond Partners, LLC and PaineWebber Inc., providing capital acquisition, merger and acquisition, and strategic advisory services to healthcare companies. He currently serves on the board and chairs the audit committee of Matinas BioPharma, and previously served on the boards of Merrimack Pharmaceuticals, LaboPharm and Nephros. Mr. Scibetta holds a B.S. in physics from Wake Forest University, and an M.B.A. in finance from the University of Michigan. He completed executive education studies in the Harvard Business School Leadership & Strategy in Pharmaceuticals and Biotechnology program. Mr. Scibetta was named 2013 CFO of the Year by NJbiz.com.

*Gary Patou, M.D.* has served as our chief medical officer since March 2009. Dr. Patou has been a managing director of MPM Capital since 2005. He has served as chief medical officer of the following MPM Capital portfolio companies: Peplin, Ltd. (ASX: PLI), from June 2006 to April 2007 and from June 2008 to May 2009, Cerimon Pharmaceuticals, Inc., from June 2005 to June 2006, and Oscient Pharmaceuticals, Inc., from February 2004 to April 2005. From 2001 to 2004, he was president of Genesoft and from 1995 to 2000, Dr. Patou worked at SmithKline Beecham Pharmaceuticals, now a unit of GlaxoSmithKline (LSE: GSK), where he held positions of increasing responsibility including senior vice president and director, project and portfolio management. From 1991 to 1995, he held increasing senior, director level positions at Vernalis (LSE: VER), formerly British Biotechnology. He currently serves as a member of the board of directors of Xenon Pharmaceuticals, Inc. and serves as senior medical advisor to Chiasma, Inc. He served as a member of the board of directors of Oscient Pharmaceuticals Corporation (NASDAQ: OSCI) from 2005 to 2008. Dr. Patou has held a number of academic appointments at University College & Middlesex School of Medicine in London and holds an M.D. from University College, London.

*Taunia Markvicka, Pharm. D.* has served as our vice president, commercial since November 2010 and was named senior vice president and chief commercial officer in 2014. In addition to her role at Pacira, Dr. Markvicka currently is a partner at Stack Pharmaceuticals, Inc. Her most recent pharmaceutical positions include serving as a franchise marketing director at The Medicines Company for cardiovascular and hematology acute care products. Previously, Dr. Markvicka was Marketing Director at Watson Pharmaceuticals, where she oversaw marketing, medical marketing and new product

Table of Contents

planning for urology and general products. She was also with Advantage Healthcare, a strategic marketing and new product planning firm, as a Vice President, for two years. She joined the pharmaceutical industry, initially taking a two year post-doctoral fellowship position with Sandoz (now Novartis). Dr. Markvicka currently serves on the board of CorMedix Inc. (NYSE MKT: CRMD). Dr. Markvicka holds a Doctor of Pharmacy degree from the University of Nebraska, an M.B.A. from St. Joseph's University, and she maintains her license as a registered pharmacist.

*Kristen Williams* has served as our chief administrative officer, general counsel and secretary since October 2014. She previously served as our vice president, general counsel from March 2013 to October 2014, as corporate counsel from December 2011 to March 2013, and as a legal consultant to our company beginning in April 2011. Prior to joining Pacira, she was vice president, corporate compliance and assistant general counsel for Bioenvision, Inc., a biopharmaceutical company focused on the acquisition, development, and marketing of compounds and technologies for the treatment of cancer, from June 2004 until its merger with Genzyme Corporation in 2007. Prior to that, she practiced corporate law at Paul Hastings LLP in New York from September 1999 to June 2004, where her practice encompassed all aspects of public and private mergers and acquisitions, corporate finance, and securities law and compliance, with a core focus in the healthcare industry. Ms. Williams holds a B.S. in Business Administration from Bucknell University and a J.D. from the University of Denver, College of Law.

**Family Relationships**

There are no family relationships among any of our directors or executive officers.

Table of Contents

**CORPORATE GOVERNANCE**

**Director Nomination Process**

Our nominating and corporate governance committee is responsible for identifying individuals qualified to serve as directors, consistent with criteria approved by our board, and recommending the persons to be nominated for election as directors.

The process followed by our nominating and governance committee to identify and evaluate director candidates includes requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the committee and our board.

The nominating and corporate governance committee evaluates potential candidates, taking into account several factors, including, without limitation, the individual's (a) reputation for integrity, honesty and adherence to a high ethical standard; (b) understanding of the Company's business and industry; (c) business acumen, experience, and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company; and (d) willingness and ability to commit adequate time to board and committee matters and to contribute positively to the decision-making process of the Company. The committee does not have a formal policy regarding board diversity. In selecting director nominees, the committee focuses on identifying individuals who will further the interests of our stockholders through his or her established record of professional accomplishment and will contribute positively to the collaborative culture among board members.

Stockholders may recommend individuals to our nominating and corporate governance committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and, if the stockholder is not a stockholder of record, a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to the nominating and corporate governance committee, c/o Secretary, Pacira Pharmaceuticals, Inc., 5 Sylvan Way, Suite 300, Parsippany, New Jersey 07054. Assuming that appropriate biographical and background material has been provided on a timely basis, the nominating and corporate governance committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. Stockholders also have the right under our amended and restated bylaws to nominate director candidates directly, without any action or recommendation on the part of the nominating and corporate governance committee or the board of directors, by following the procedures set forth below under the heading "Stockholder Proposals."

**Majority Vote Director Resignation Policy**

Our board of directors has implemented a Majority Vote Director Resignation Policy in our Corporate Governance Guidelines. Under the policy, any director nominee who receives a greater number of "WITHHOLD" votes than "FOR" votes in an uncontested election must promptly tender his or her resignation to the board following certification of the stockholder vote. Within 90 days following the certification of the vote, the independent directors on the board would consider the offer of resignation and determine whether to accept or reject the tendered resignation. If the independent directors determine not to accept the tendered resignation, we will publicly disclose (via press release or SEC filing) such determination and the factors considered by the independent directors in making such determination.

Table of Contents

**Director Independence**

Our board of directors has determined that each of our directors, with the exception of David Stack and Gary Pace, is an "independent director" as defined under the applicable NASDAQ rules. In making such independence determination, the board of directors considered the relationships that each such non-employee director has with us and all other facts and circumstances that the board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

We have entered into a consulting agreement with Dr. Pace, pursuant to which Dr. Pace provides consulting services to us in the manufacturing area as Technical Advisor to the Chief Executive Officer and the board of directors. Pursuant to the consulting agreement, Dr. Pace is currently compensated at the rate of \$5,000 per month and has received options to purchase our common stock. See "Related Person Transactions Consulting Agreement with Gary Pace" below for more information. As a result of Dr. Pace's compensation arrangements under the consulting agreement, the board determined that he does not qualify as an "independent director" under applicable NASDAQ rules. In determining Mr. Kronenfeld's independence, the board of directors considered certain relationships between the Company and Maimonides Medical Center.

**Board Committees**

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. Each of these committees operate under a written charter that has been approved by our board of directors. Each committee charter is available by clicking on the "Investors & Media" section of our corporate website, located at <http://www.pacira.com>.

The following table is a summary of our committee structure and members on each of our committees:

	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
<b>Laura Brege</b>			
<b>Yvonne Greenstreet, MBChB, MBA</b>			
<b>Paul Hastings, Lead Directors</b>			
<b>Mark Kronenfeld, MD</b>			
<b>John P. Longenecker, PhD</b>			
<b>Gary Pace, Ph.D</b>			
<b>David Stack</b>			
<b>Andreas Wicki, PhD</b>			
<b>Dennis L. Winger</b>			
	<b>Chairperson</b>	<b>Member</b>	<b>Financial Expert</b>

*Audit Committee*

Our audit committee assists our board of directors in its oversight of our accounting and financial reporting process and the audits of our financial statements. The responsibilities of our audit committee include:

appointing, evaluating, retaining and, when necessary, terminating the engagement of our independent registered public accounting firm;

overseeing the independence of our independent registered public accounting firm, including obtaining and reviewing reports from the firm;

setting the compensation of our independent registered public accounting firm;



Table of Contents

overseeing the work of our independent registered public accounting firm, including receiving and considering reports made by our independent registered public accounting firm regarding accounting policies and procedures, financial reporting and disclosure controls;

reviewing and discussing with management and our independent registered public accounting firm our audited financial statements and related disclosures;

preparing the annual audit committee report required by SEC rules;

coordinating the board's oversight of internal control over financial reporting, disclosure controls and procedures and code of conduct;

reviewing our policies with respect to risk assessment and risk management;

establishing procedures related to the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding accounting or auditing matters;

reviewing our policies and procedures for reviewing and approving or ratifying related person transactions, including our related person transaction policy; and

meeting independently with management and our independent registered public accounting firm.

All audit services to be provided to us and all non-audit services, other than de minimis non-audit services, to be provided to us by our independent registered public accounting firm must be approved in advance by our audit committee.

Our board of directors has determined that each of the directors serving on our audit committee are independent within the meaning of applicable NASDAQ rules and Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. In addition, our board of directors has determined that Ms. Brege qualifies as an audit committee financial expert within the meaning of SEC regulations and applicable NASDAQ rules. In making this determination, our board has considered the formal education and nature and scope of her previous experience, coupled with past and present service on various audit committees. Our audit committee met seven (7) times during 2014.

***Compensation Committee***

Our compensation committee assists our board of directors in the discharge of its responsibilities relating to the compensation of our executive officers. The responsibilities of our compensation committee include:

approving our chief executive officer's compensation and approving the compensation of our other executive officers reporting directly to our chief executive officer;

overseeing the evaluation of our senior executives;

overseeing, administering, reviewing and making recommendations to the board of directors with respect to our incentive compensation and equity-based plans;

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reviewing and making recommendations to the board of directors with respect to director compensation; and

reviewing and discussing with management the compensation discussion and analysis and preparing the annual compensation committee report, as required by SEC rules.

Our board of directors has determined that each of the directors serving on our compensation committee are independent within the meaning of applicable NASDAQ rules for purposes of membership on the compensation committee. Our compensation committee met six (6) times during 2014.

Table of Contents

As part of the 2014 compensation process, our compensation committee retained Radford ("Radford") as its independent compensation consultant, who has served in this capacity since 2011. Radford provided advisory services only with respect to executive and equity compensation, as directed by the compensation committee, and does no other business with the Company. Please see "Compensation Discussion and Analysis" for further description of the services provided by Radford. Radford provides additional services to management in the areas of non-executive compensation, with all activities being reviewed and approved by the chair of the compensation committee before any services are provided. Prior to engaging Radford, our compensation committee considered the independence of Radford in accordance with the terms of the compensation committee's charter. Our compensation committee did not identify any conflicts of interest with respect to Radford.

***Nominating and Corporate Governance Committee***

The responsibilities of our nominating and corporate governance committee include:

recommending to the board of directors the persons to be nominated for election as directors or to fill any vacancies on the board of directors, and to be appointed to each of the board's committees;

developing and recommending to the board of directors corporate governance guidelines; and

overseeing an annual self-evaluation of the board of directors.

Our board of directors has determined that each of the directors serving on our nominating and corporate governance committee are independent within the meaning of applicable NASDAQ rules. Our nominating and corporate governance committee met once during 2014.

**Board and Committee Meetings Attendance**

The full board of directors met five (5) times during 2014. During 2014, each member of the board of directors attended in person or participated in 75 percent or more of the aggregate of (i) the total number of meetings of the board of directors (held during the period for which such person has been a director) and (ii) the total number of meetings held by all committees of the board of directors on which such person served (during the periods that such person served). Our non-employee directors met in a special executive session without management at each regularly scheduled board meeting in 2014. Our board of directors expects to continue to conduct executive sessions limited to non-employee directors at least annually and our non-employee directors may schedule additional executive sessions at their discretion.

**Director Attendance at Annual Meeting of Stockholders**

We do not have a formal policy regarding attendance by members of our board of directors at our annual meetings of stockholders. Our practice, however, is to have a meeting of the board immediately following the annual meeting of stockholders. All members of our board attended the annual meeting of stockholders in 2014.

**Code of Business Conduct and Ethics**

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of the code is posted on the Corporate Governance section of our website, which is located at [www.pacira.com](http://www.pacira.com). If we make any substantive amendments to, or grant certain waivers from, the code of business conduct and ethics that applies to our principal executive officer, principal financial officer, principal accounting

Table of Contents

officer or controller, or persons performing similar functions, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

**Board Leadership Structure and Board's Role in Risk Oversight**

Our board of directors does not have a policy regarding separation of the roles of chief executive officer and chairman of the board. The board believes it is in our best interests to make that determination based on circumstances from time to time. Currently, our chief executive officer serves as the chairman of the board, and Paul Hastings, a non-employee independent director, serves as our lead director. Our board believes that this structure, combined with our corporate governance policies and processes, creates an appropriate balance between strong and consistent leadership and independent oversight of our business. The chairman chairs the meetings of our board and stockholders, with input from the lead director, and as such, our board believes that a person with a comprehensive knowledge of our company is in the best position to serve such role.

Our board believes that our current leadership structure and the composition of our board protect stockholder interests and provide adequate independent oversight, while also providing outstanding leadership and direction for our board and management. More than a majority of our current directors are "independent" under NASDAQ standards, as more fully described above. The independent directors meet in executive sessions, without management present, during each regularly scheduled board meeting and are very active in the oversight of our company. Each independent director has the ability to add items to the agenda for board meetings or raise subjects for discussion that are not on the agenda for that meeting. In addition, our board of directors and each committee of our board has complete and open access to any member of management and the authority to retain independent legal, financial and other advisors as they deem appropriate.

Our lead director plays a leading role with respect to corporate governance. His responsibilities include, without limitation, ensuring that our board works together as a cohesive team with open communication, ensuring that a process is in place by which the effectiveness of our board can be evaluated on a regular basis, monitors communications from stockholders and other interested parties and otherwise consults with management and the chairman on matters relating to corporate governance and board performance. To this end, our lead director works with the chairman on the board agenda and board materials, facilitates annual assessments of the performance of the board along with the nominating and corporate governance committee and acts as the primary internal spokesperson for our board, ensuring that management is aware of concerns of our board, the stockholders, other stakeholders, and the public and, in addition, ensuring that management strategies, plans and performance are appropriately represented to our board of directors. Our lead director's role also includes presiding at executive sessions of the non-employee directors. Our lead director also performs such other functions and responsibilities as requested by our board from time to time.

Our board of directors believes its administration of its risk oversight function has not affected its leadership structure. Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including those described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014. Our board of directors is actively involved in oversight of risks that could affect us. This oversight is conducted primarily by our full board of directors, which has responsibility for general oversight of risks.

Our board of directors satisfies this responsibility through full reports by each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within our company. Our audit committee oversees risk management activities related to financial controls and legal and compliance risks. Our compensation committee oversees risk management activities relating to our compensation policies and practices, and our nominating and corporate governance committee oversees risk management activities

Table of Contents

relating to board composition and management succession planning. In addition, members of our senior management team attend our quarterly board meetings and are available to address any questions or concerns raised by the board on risk-management and any other matters. Our board of directors believes that full and open communication between management and the board of directors is essential for effective risk management and oversight.

**No Hedging or Pledging**

We do not allow our management or directors to engage in hedging transactions in our stock or to pledge our stock to secure loans or other obligations.

**Communication with the Board**

Any interested party may contact the Chairman of our board of directors or the non-employee members of our board of directors, as a group, by submitting a written communication to the Chairman at the following address:

Chairman of the Board  
c/o Pacira Pharmaceuticals, Inc.  
5 Sylvan Way, Suite 300  
Parsippany, New Jersey 07054  
United States

You may submit your concern anonymously or confidentially by postal mail. You may also indicate whether you are a stockholder, customer, supplier, or other interested party.

A copy of any such written communication will also be forwarded to our General Counsel and retained for a reasonable period of time. Communications will be forwarded to all directors if they relate to important substantive matters and include suggestions or comments that our Chairman considers to be important for the directors to know.

The audit committee oversees the procedures for the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls, or audit matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal accounting controls or auditing matters. We have also established a toll-free telephone number for the reporting of such activity.

Table of Contents

**DIRECTOR COMPENSATION**

**Non-Employee Director Compensation Policy**

Our board of directors compensation policy provides for the following compensation to our non-employee directors:

**Initial Stock Option Grant.** Each non-employee director who joins our board of directors receives an option under our stock incentive plan to purchase an aggregate of 16,000 shares of common stock, upon his or her initial appointment to our board of directors. Subject to the non-employee director's continued service as a director, the option will vest in 24 equal successive monthly installments over the 24 month period following the date of grant. In the event of a change of control or our liquidation or dissolution, 100% of the then unvested options will immediately vest. The exercise price of the options will be equal to the closing price per share of our common stock as reported on The Nasdaq Global Select Market on the date of grant.

**Annual Stock Option Grant.** Each non-employee director receives an option under our stock incentive plan to purchase an aggregate of 8,000 shares of common stock on the date of our first board of directors meeting held after each annual meeting of stockholders. Unless otherwise provided at the time of grant, subject to the non-employee director's continued service as a director, the option will vest in 12 equal successive monthly installments over the 12-month period following the date of grant. In the event of a change of control or our liquidation or dissolution, 100% of the then unvested options will immediately vest. The exercise price of the options will be equal to the closing price per share of our common stock as reported on The Nasdaq Global Select Market on the date of grant.

**Annual Fees.** Each non-employee director receives an annual fee in cash as follows:

**Board Annual Fee** Each non-employee member of our board of directors receives an annual fee of \$45,000, and the lead director receives an additional annual fee of \$20,000.

**Audit Committee Annual Fee** The chair of the audit committee receives an annual fee of \$20,000 and each other non-employee member of the audit committee receives an annual fee of \$10,000.

**Compensation Committee Annual Fee** The chair of the compensation committee receives an annual fee of \$15,000 and each other non-employee member of the compensation committee receives an annual fee of \$7,500.

**Nominating and Corporate Governance Committee Annual Fee** The chair of the nominating and corporate governance committee receives an annual fee of \$10,000 and each other non-employee member of the nominating and corporate governance committee receives an annual fee of \$5,000.

Each annual fee is payable in cash in advance in four equal quarterly installments on the first day of each calendar quarter, provided that the amount of such payment shall be prorated for any portion of such quarter that the director was not serving on our board of directors. Each non-employee director is also reimbursed for reasonable travel and other expenses in connection with attending meetings of the board and any committee on which he or she serves.

To date, Dr. Andreas Wicki, a non-employee director, has elected not to receive any compensation for his service on our board of directors. We do not compensate Mr. Stack, our president and chief executive officer, for his service on our board of directors.

Table of Contents**Director Compensation**

The following table sets forth a summary of the compensation earned by our directors for the year ended December 31, 2014, with the exception of Mr. Stack, who does not receive compensation for service on our board of directors and whose compensation is included in the "Summary Compensation Table" below.

Name	Fees Earned in Cash (\$)	Option Awards(1)(5) (\$)	All Other Compensation (\$)	Total (\$)
Laura Brege	\$ 70,000	\$ 340,583		\$ 410,583
Yvonne Greenstreet(2)	43,458	1,046,263		1,089,721
Paul Hastings	85,000	340,583		425,583
Mark Kronenfeld	52,500	340,583		393,083
John Longenecker	72,500	340,583		413,083
Gary Pace	45,000	340,583	\$ 60,000(3)	445,583
Andreas Wicki(4)				
Dennis Winger	55,000	340,583		395,583

- (1) Represents the grant date fair value of option awards granted in 2014 computed in accordance with stock-based accounting rules (FASB ASC Topic 718 Stock Compensation), excluding the effect of estimated forfeitures. For information regarding assumptions underlying the valuation of equity awards, see Note 11 to our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 24, 2015. Our directors will only realize compensation to the extent the fair value of our common stock is greater than the exercise price of such stock options.
- (2) Dr. Greenstreet was appointed to our board of directors on March 4, 2014.
- (3) Represents fees earned by Dr. Pace in connection with his consulting agreement with us. See "Related Person Transactions" below.
- (4) To date, Dr. Wicki has elected not to receive any compensation for his service on our board of directors.

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Table of Contents

(5) The aggregate number of option awards outstanding for each of our directors as of December 31, 2014, is as follows:

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date
Laura Brege	12,000		\$ 13.98	6/2/2021
	7,000		29.90	6/12/2023
	4,002	3,998	81.00	6/3/2024
Yvonne Greenstreet	5,625	9,375	\$ 80.43	3/4/2024
	4,002	3,998	81.00	6/3/2024
Paul Hastings	10,000		\$ 13.98	6/2/2021
	7,000		10.81	6/5/2022
	7,000		29.90	6/12/2023
	4,002	3,998	81.00	6/3/2024
Mark Kronenfeld	11,250	3,750	\$ 29.90	6/12/2023
	4,002	3,998	81.00	6/3/2024
John Longenecker	7,736		\$ 1.61	9/2/2020
	5,000		13.98	6/2/2021
	7,000		10.81	6/5/2022
	3,000		29.90	6/12/2023
	4,002	3,998	81.00	6/3/2024
Gary Pace(1)	16,736		\$ 1.61	9/2/2020
	5,000		13.98	6/2/2021
	23,341	6,659	11.02	4/3/2022
	7,000		10.81	6/5/2022
	40,840	29,160	16.67	8/17/2022
	7,000		29.90	6/12/2023
	4,002	3,998	81.00	6/3/2024
Andreas Wicki				
Dennis Winger	9,375	5,625	\$ 37.11	9/11/2023
	4,002	3,998	81.00	6/3/2024

(1) The options with an expiration date of 4/3/2022 and 8/17/2022 were granted to Dr. Pace pursuant to his consulting agreement.



Table of Contents

**PROPOSAL NO. 2 RATIFICATION OF THE APPOINTMENT OF  
COHNREZNICK LLP AS OUR INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015**

Our stockholders are being asked to ratify the appointment by the audit committee of the board of directors of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. CohnReznick LLP has served as our independent registered public accounting firm since 2009.

The audit committee is solely responsible for selecting our independent registered public accounting firm for the fiscal year ending December 31, 2015. Stockholder approval is not required to appoint CohnReznick LLP as our independent registered public accounting firm, however, the board of directors believes that submitting the appointment of CohnReznick LLP to the stockholders for ratification is good corporate governance. If the stockholders do not ratify this appointment, the audit committee will reconsider whether to retain CohnReznick LLP. If the selection of CohnReznick LLP is ratified, the audit committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time it decides that such a change would be in the best interest of the Company and its stockholders. A representative of CohnReznick LLP is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she desires to do so and to respond to appropriate questions.

The following table summarizes the fees billed by CohnReznick LLP for professional services rendered to us during fiscal years 2014 and 2013:

	2014	2013
Audit Fees(1)	\$ 350,646	\$ 395,354
Audit Related Fees		
Tax Fees(2)	15,000	855
All Other Fees		
<b>Total Fees</b>	<b>\$ 365,646</b>	<b>\$ 396,209</b>

- 
- (1) Audit fees relate to professional services rendered in connection with the audit of our annual financial statements, the review of the interim financial statements included in our quarterly reports on Form 10-Q, and other services provided in connection with statutory and regulatory filings, including registration statements.
- (2) Tax fees relate to tax consulting services provided in 2014.

#### **Audit Committee Pre-Approval Policy and Procedures**

Our audit committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our registered public accounting firm. This policy generally provides that we will not engage our registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by our audit committee or the engagement is entered into pursuant to one of the pre-approval procedures described below.

From time to time, our audit committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount. Our audit committee has also delegated to the chairman of our audit committee the authority to approve any audit or non-audit services to be provided to us by our registered public accounting firm. Any approval of services by a member of our audit committee pursuant to this delegated authority is reported on at the next meeting of our audit committee.



Table of Contents

During our 2014 fiscal year, no services were provided to us by CohnReznick LLP or any other accounting firm other than in accordance with the pre-approval policies and procedures described above.

**Recommendation of the Board of Directors**

***THE BOARD OF DIRECTORS RECOMMENDS VOTING "FOR" THE RATIFICATION OF THE APPOINTMENT OF COHNREZNICK LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015.***

Table of Contents

**REPORT OF THE AUDIT COMMITTEE**

The audit committee is appointed by the board of directors to assist the board of directors in fulfilling its oversight responsibilities with respect to (1) the integrity of Pacira's financial statements and financial reporting process and systems of internal controls regarding finance, accounting, and compliance with legal and regulatory requirements, (2) the qualifications, independence, and performance Pacira's independent accountants, (3) the performance of Pacira's internal audit function and (4) other matters as set forth in the charter of the audit committee approved by the board of directors.

Management is responsible for Pacira's financial statements and the financial reporting process, including the systems of internal controls and disclosure controls and procedures. The independent accountants are responsible for performing an independent audit of Pacira's financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The audit committee's responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the audit committee reviewed and discussed with management and the independent accountants the audited consolidated financial statements of Pacira for the fiscal year ended December 31, 2014. The audit committee also discussed with the independent accountants the matters required to be discussed by PCAOB AU Section 380, *Communications with Audit Committees*. In addition, the audit committee received the written disclosures and the letter from the independent accountants required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the audit committee concerning independence and has discussed with the independent accountants the independent accountants' independence.

Based on the reviews and discussions referred to above, the audit committee recommended to the board of directors that the audited consolidated financial statements of Pacira be included in Pacira's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, that was filed with the SEC.

THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF PACIRA  
PHARMACEUTICALS, INC.

Laura Brege, Chairman  
John Longenecker  
Dennis Winger

Table of Contents

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

This Compensation Discussion and Analysis provides information about our executive compensation program as it relates to the following "named executive officers" whose compensation information is presented in the tables and accompanying narratives following this discussion:

David Stack, President and Chief Executive Officer, Chairman;

James Scibetta, Senior Vice President, Chief Financial Officer and Head of Technical Operations;

Gary Patou, Chief Medical Officer;

Taunia Markvicka, Senior Vice President and Chief Commercial Officer; and

Kristen Williams, Chief Administrative Officer, General Counsel and Secretary

**Executive Summary**

The primary objective of our executive compensation program is to attract and retain superior executive talent by providing competitive incentives to reward our executives for performance and aligning executive interests with those of our stockholders and the long-term strategic goals and objectives approved by our board of directors. We aim to accomplish this through the following elements of compensation:

base salaries;

annual incentive bonuses based on our annual performance;

equity incentive awards; and

limited perquisites and other employee benefits.

***2014 Company Performance***

In 2014, our financial and stock performance continued with exceptional growth and success, highlighted by the following:

Revenue of our lead product, EXPAREL, grew by 147%, to approximately \$188.5 million, highlighted by continued successive quarterly increases in EXPAREL revenue since the second quarter of 2012;

Addition of 1,187 new accounts for sales of EXPAREL;

Achievement of non-GAAP net income in 2014;

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Positive cash flows from operations in the second, third and fourth quarters of 2014; and

Total stockholder return in 2014 of approximately 54% and over 1,100% since our initial public offering in 2011.

In addition to the financial highlights above, we achieved the following in 2014:

FDA approval of an additional bulk manufacturing suite (Suite C) at our Science Center Campus in San Diego, California;

Execution of manufacturing agreements with Patheon UK Limited for the expansion of EXPAREL manufacturing and packaging capabilities in the United Kingdom, with expected commercial production to begin in the second half of 2016;

Table of Contents

Manufactured over 900,000 EXPAREL vials;

Continued development of internal sales and marketing teams dedicated to commercializing EXPAREL and expansion of distribution network;

Successful completion of a underwritten public offering of our common stock for net proceeds of approximately \$110.5 million; and

Submission of an sNDA for a nerve block indication for EXPAREL based on data from a Phase 3 study demonstrating the efficacy and safety of EXPAREL in femoral nerve block for total knee arthroplasty and intercostal nerve block for thoracotomy, which continues under review by the FDA.

The following charts highlight our stock performance in 2014 and growth of quarterly EXPAREL revenue since its commercial launch in April 2012:

**% Change in PCRX 2014**

**Quarterly EXPAREL Sales (in millions)**





Table of Contents

***CEO Performance and Compensation***

David Stack has served as our president and chief executive officer since November 2007 and was elected Chairman of our board of directors in June 2013. Mr. Stack has led us through our initial public offering, FDA approval of EXPAREL in October 2011 and its commercial launch in April 2012, and our ongoing marketing, distribution, and sale of EXPAREL in the U.S.

Despite our outstanding stock performance at or near the top of our peer groups, the compensation committee targeted Mr. Stack's 2014 cash compensation at the 25th percentile of our applicable peer group with only modest increases over 2013. The compensation committee set Mr. Stack's equity compensation near the 75th percentile of our applicable peer group. Mr. Stack's total 2014 compensation reported in the Summary Compensation Table below increased significantly over that reported in 2013 because the compensation committee did not grant Mr. Stack (or any other named executive officers) any equity awards in 2013 and the increasing price of our stock also contributes to higher reported grant date fair values for stock options. After not granting Mr. Stack any equity awards in 2013, the compensation committee believed that a meaningful grant of stock option awards was necessary and appropriate to reward Mr. Stack and the other named executive officers for outstanding performance, enhance retention and to further incent and align Mr. Stack's interests with stockholders because the stock options granted to Mr. Stack only have value if our stock price increases after the grant date. As noted in the graph below, approximately 86% of Mr. Stack's 2014 total compensation as reported in the Summary Compensation Table below relates to stock options, which vest over a four year period and only realize value if our stock price increases after the date of grant:

**CEO Compensation  
Components**

***Equity Awards to Named Executive Officers in 2014***

Despite our exceptional business and stock price performance in 2013, no equity awards were granted to our named executive officers in 2013. In 2013, our stock price increased by approximately 231%. Prior to 2014, the last time our named executive officers were granted equity awards was in 2012 in recognition of our initial public offering and initial successes in our business. As noted above, we continued to achieve exceptional business results and stock price growth of approximately 54% in 2014. Based on our business success since our initial public offering, including with respect to stock price performance in 2013 and 2014, the compensation committee decided to reward our named executive officers for their exceptional performance with a grant of stock options in 2014 with a value targeted at or above the 75th percentile of our applicable peer group, using a blended approach of grant date fair value and grant as a percent of our company to determine equity grants.

***Total Compensation in 2014***

Due to our exceptional performance and achievement of corporate goals, and in an effort to align total compensation of our named executive officers to our applicable peer group, we increased total compensation to our named executive officers in 2014. The compensation committee targeted total cash

Table of Contents

compensation at the 25th percentile of our applicable peer group and total equity compensation at or above the 75th percentile of our applicable peer group. Total compensation to our named executive officers in 2012, 2013 and 2014 based on amounts reported in the Summary Compensation Table was as follows:

**Named Executive Officer Compensation**

\*

Ms. Williams was promoted to Chief Administrative Officer, General Counsel and Secretary in 2014 and was not a named executive officer in 2012 or 2013.

As noted above, the increases in 2014 compensation were primarily due to the grant of stock options to our named executive officers in 2014. No equity awards were made to our named executive officers in 2013.

***Corporate Governance Highlights***

In order to further align the long-term interests of management with those of our stockholders and align our compensation program with best practices, the compensation committee has established the following policies and practices:

***Independent Compensation Committee.*** The compensation committee, comprised solely of independent directors, approves all compensation for our named executive officers.

***Independent Compensation Consultant.*** The compensation committee retains an independent compensation consultant that does not provide any services to management and that had no prior relationship with management prior to the engagement. The compensation committee engaged Radford as its independent compensation consultant, and the compensation committee determined that Radford has no conflicts of interest with our company.

**Assessment of Compensation Risk.** The compensation committee assessed our compensation policies and programs and determined that we have no compensation policies and programs that give rise to risks reasonably likely to have a material adverse effect on our company.

Table of Contents

**Annual Say-on-Pay Vote.** We hold annual advisory say-on-pay votes to approve executive compensation and received the support of approximately 99% of the votes cast on such proposal in 2014.

**No Excise Tax Gross-ups.** We do not provide our management with "excise tax gross-ups" in the event of a change of control.

**Reasonable "Double Trigger" Change of Control Benefits.** We offer named executive officers a reasonable change of control severance package triggered upon a change of control followed by termination of the executive without cause or resignation for good reason.

**No Enhanced Benefit Programs.** We do not provide our management with pensions or any other enhanced benefit programs beyond those that are typically available to all other employees.

**Limited Perquisites.** Our management receives minimal perquisites, consisting primarily of group term life insurance premiums.

**No Hedging or Pledging.** We do not allow our management or directors to engage in hedging transactions in our stock or to pledge our stock to secure loans or other obligations.

**No Option Repricings.** We are not permitted to reprice stock options without stockholder approval.

## Executive Compensation Objectives and Processes

### *Objectives*

Our primary objective with respect to executive compensation is to attract, retain and motivate superior executive talent with the skills and experience to successfully execute our business strategy. Our executive compensation program is designed to:

Provide competitive incentives that reward the achievement of performance goals that directly correlate to the enhancement of stockholder value;

Align the interests of our executives with those of our stockholders by rewarding performance that meets or exceeds established goals, with the ultimate objective of increasing stockholder value;

Provide long-term incentives that promote executive retention; and

Align our executives with the long-term strategic goals and objectives approved by our board of directors.

To achieve these objectives, our executive compensation program ties a significant portion of each named executive officer's overall compensation to key corporate financial goals and to individual goals. We have also historically provided a portion of our executive compensation in the form of stock option awards that vest over time, which we believe helps to retain our executive officers and aligns their interests with those of our stockholders by allowing them to participate in our long-term performance as reflected in the trading price of our common stock.

### *Processes and Peer Group*

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Our compensation committee makes all compensation decisions regarding our named executive officers. Our chief executive officer annually reviews the performance of each of our other executive officers other than himself, and, based on these reviews, makes recommendations to our compensation committee regarding salary adjustments, annual incentive bonus payments and equity incentive awards for such executive officers. The compensation committee believes it is valuable to consider the recommendations of our chief executive officer with respect to these matters because, given his

Table of Contents

knowledge of our operations and the day-to-day responsibilities of our executive officers, he is in a unique position to provide the compensation committee with perspective into the performance of our executive officers in light of our business at a given point in time. While the compensation committee considers Mr. Stack's reviews and recommendations, the compensation committee decides the compensation of our named executive officers and also considers, among other things, company and individual performance, peer group data and recommendations from Radford as further described below.

As part of the 2014 compensation process, our compensation committee reviewed certain peer group data provided by Radford. The compensation committee approved a significantly modified peer group for establishing 2014 compensation compared to the peer group used for 2013 compensation based on analysis and recommendations by Radford. Our peer groups are selected from among publicly-traded pharmaceutical and biotechnology companies based in the U.S. and then further refined based on revenue, market capitalization, and headcount. The compensation committee also takes into consideration the company's stage of development, net income, and other key financial metrics. The compensation committee believes that the companies selected to our peer groups are broadly comparable to us, and represent our labor market for talent for key leadership positions at the time compensation decisions are made. Our compensation committee regularly reviews our peer group with Radford to determine if adjustments are necessary to ensure that it continues to be relevant or if additional peer companies or groups are necessary to provide appropriate information on market practices and compensation levels.

In March 2014, given the increase in our market capitalization and revenue compared to 2013, the compensation committee revised our peer group companies to better reflect our revenue, employee size and market capitalization resulting in significant changes to the 2013 peer group. The peer companies approved by the compensation committee in March 2014 (the "March 2014 peer group") are listed below:

Acorda Therapeutics, Inc.	Halozyme Therapeutics, Inc.	Medivation, Inc.
Aegerion Pharmaceuticals, Inc.	Idenix Pharmaceuticals, Inc.	Momenta Pharmaceuticals, Inc.
Alnylam Pharmaceuticals, Inc.	ImmunoGen, Inc.	Nektar Therapeutics
Arena Pharmaceuticals, Inc.	InterMune, Inc.	NPS Pharmaceuticals, Inc.
ARIAD Pharmaceuticals, Inc.	Ironwood Pharmaceuticals, Inc.	The Medicines Company
Cadence Pharmaceuticals, Inc.	Isis Pharmaceuticals, Inc.	Theravance, Inc.
Dyax Corp.		

The March 2014 peer group was comprised of 19 publicly traded companies. As of February 2014, our market capitalization was at the 72nd percentile of this peer group, and our annual revenue was at the 49th percentile of this peer group. Compensation data from the March 2014 peer group was reviewed and analyzed by the compensation committee in determining the equity awards granted to our named executive officers in June 2014.

In September 2014, the compensation committee, based on analysis and recommendations from Radford, further refined our peer group due primarily to our continued increases in revenue, market capitalization and headcount, with the goal to design the peer group to align us with the midrange of the peer group with respect to revenue, market capitalization and headcount. The following summarizes the changes that were made to our peer group in September 2014:

Aegerion Pharmaceuticals, Inc., Arena Pharmaceuticals, Inc., Dyax Corp., Halozyme Therapeutics, Inc., Momenta Pharmaceuticals, Inc. and Theravance, Inc. were removed from our peer group due to their relatively low revenue and market capitalization as compared to our company;

Table of Contents

Cadence Pharmaceuticals, Inc., Idenix Pharmaceuticals, Inc. and InterMune, Inc. were removed from the peer group as they were acquired by other companies and compensation data would no longer be available for these companies; and

Alkermes plc, BioMarin Pharmaceuticals, Inc., Cubist Pharmaceuticals, Inc. Incyte Corporation, Jazz Pharmaceuticals plc, MannKind Corporation, Pharmacyclics, Inc., Seattle Genetics, Inc. and United Therapeutics Corporation were added to our peer group as their revenue, market capitalization and headcount were more comparable to our company.

The compensation committee believes that the resulting peer group companies are broadly comparable to us, and represent our labor market for talent for key leadership positions. As of December 31, 2014, our market capitalization was at the 41st percentile of the this peer group, and our annual revenue was at the 33rd percentile of this peer group. Compensation data from this peer group was reviewed and analyzed by the compensation committee in determining the annual incentive bonuses for total cash compensation to our named executive officers for 2014, which was set after the end of the fiscal year.

Our compensation committee does not "benchmark" the compensation of any of our named executive officers to a specific percentile of our peer groups; rather, the compensation committee took the results of Radford's comparative analyses of our peer groups, as well as the considerations provided by Radford with respect to components and levels of compensation for our executive officers, under advisement in determining competitive market practice in our industry. The compensation committee considered the assessment of peer group market compensation, historical compensation levels, subjective assessments of individual performance and worth and other subjective factors in establishing and approving the various elements of our executive compensation program for 2014. As discussed below, the compensation committee sought to better align 2014 compensation of our named executive officers towards the 25th percentile of total cash compensation of our applicable peer group and the 75th percentile of total equity compensation of our applicable peer group. The compensation committee also determined that it was appropriate to use a blended approach of grant date fair value and grant as a percent of our company to determine equity grants.

*Say-on-Pay*

At our annual meeting of stockholders in June 2014, we held an advisory stockholder vote to approve the compensation of our named executive officers, which we refer to as say-on-pay. The compensation of our named executive officers reported in our 2014 proxy statement was approved by nearly 99% of the votes cast at the 2014 annual meeting. Our compensation committee believes this affirms our stockholders' support of our approach to executive compensation. The compensation committee has considered and will continue to consider the outcome of our say-on-pay votes when making future compensation decisions for our named executive officers.

*Elements of Our Executive Compensation Program*

The primary elements of our executive compensation program are:

base salaries;

annual incentive bonuses based on our annual performance;

equity incentive awards; and

limited perquisites and other employee benefits.

**Base Salaries** We use competitive base salaries to attract and retain qualified candidates to help us achieve our growth and performance goals. Base salaries are intended to recognize a named

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### Table of Contents

executive officer's immediate contribution to our organization, as well as his or her experience, knowledge and responsibilities.

Our compensation committee annually evaluates adjustments to executive officer base salary levels based on factors determined to be relevant, including:

recommendations from our chief executive officer (for named executive officers other than himself);

the executive officer's skills and experience;

the particular importance of the executive officer's position to us;

the executive officer's individual performance;

the executive officer's growth in his or her position; and

the results of Radford's comparative assessment regarding base salaries for comparable positions at peer companies.

After considering the above factors, including a peer company comparative review with Radford, and for merit and retention purposes, our compensation committee approved increases to the base salary of each of our named executive officers, except for Dr. Patou, who is compensated under the services agreement described under "Related Person Transactions," below. The services agreement was amended in September 2013 to provide for \$10,000 of additional monthly compensation in exchange for an increase in Dr. Patou's business time dedicated to us. In 2014, the compensation committee approved salary increases to each of its named executive officers to bring their salaries more in alignment with market competitive levels for each position, targeted at the 25th percentile of our applicable peer group. However, even with the base salary increases in 2014, the base salaries of each of our named executive officers remained below the 25th percentile of base salaries of our applicable peer group.

The 2014 base salaries of our named executive officers are below:

Named Executive Officer	2014 Base Salary	Increase Over 2013 Base Salary
David Stack	\$ 596,540	17%
James Scibetta	\$ 369,253	12%
Taunia Markvicka	\$ 353,160	11%
Kristen Williams(1)	\$ 326,711	32%
Gary Patou(2)	\$ 317,600	N/A

(1) Ms. Williams was promoted to Chief Administrative Officer, General Counsel and Secretary in 2014 and was not a named executive officer in 2013.

(2) Amount shown is annualized pursuant to the September 2013 amendment to the services agreement. See "Related Person Transactions Services Agreement with Gary Patou and MPM Asset Management LLC" below.

**Annual Incentive Bonuses** The compensation committee believes that annual incentive bonuses that are awarded to our named executive officers for meeting or exceeding company performance goals and individual achievement goals provide our officers additional incentive to outperform our peer companies, increase stockholder value and ensure that we attract and retain talented named executive officers. Each year, the compensation committee establishes a target annual incentive award for each named executive officer (except for Dr. Patou, who is compensated under the services agreement) expressed as a percentage of the executive's base salary, based on results of Radford's comparative





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### Table of Contents

assessment regarding annual incentive award targets for comparable positions at peer companies, the estimated contribution and responsibility of the individual named executive officer and market practices. Consistent with the compensation committee's philosophy to target total cash compensation for our named executive officers at the 25th percentile of our applicable peer group in 2014, the compensation committee increased the target incentive opportunity for each of our named executive officers to bring our annual incentive compensation more in alignment with market competitive levels for each position, while continuing to encourage a team-based approach when setting target annual incentive awards in which like positions have the same amount of pay as a percentage of base salary at-risk. For 2014, the targets for our named executive officers and actual payouts were as follows:

Named Executive Officer	Annual Incentive Target (as a percentage of Base Salary)	Actual 2014 Annual Incentive Payment (as a percentage of Base Salary)
David Stack	65%	71%
James Scibetta	40%	45%
Taunia Markvicka	40%	42%
Kristen Williams	40%	37%
Gary Patou	*	*

\*

Under the services agreement, Dr. Patou is eligible to receive additional compensation equal to 35% of his service fee for the applicable year, which amount is awarded in the full discretion of the compensation committee.

Our compensation committee assesses the achievement of corporate and individual goals and performance at the end of each fiscal year, together with the results of a comparative review conducted by Radford, to determine, on a discretionary basis, the appropriate bonus for each named executive officer. The compensation committee also has the authority to award discretionary cash bonuses to our executive officers in the event of extraordinary short-term efforts and achievements by our executive officers.

In 2014, our compensation committee exercised its discretion to award annual incentive bonuses to our named executive officers just below to slightly above the target percentage, as shown above, due to our outstanding 2014 operating and business results and outstanding individual performance by each of our named executive officers, including performance relating to EXPAREL sales, EXPAREL manufacturing expansion, financing and our product pipeline. In addition to the factors referred to under "2014 Company Performance" above, other primary performance factors considered by the compensation committee in determining the 2014 annual incentive bonuses included, among others:

exceeding corporate goals of \$170 million for 2014 net EXPAREL sales, including an increase in revenue per customer;

significant growth in market capitalization during 2014;

successful efforts in manufacturing expansion, including Suite C approval in March 2014 and execution of the Patheon manufacturing partnership in April 2014;

successful efforts in manufacturing efficiency initiatives to support improving margins;

increases in EXPAREL gross margin in the fourth quarter of 2014;

positive non-GAAP earnings per share in the third and fourth quarters of 2014;

clinical trial successes and progress; and

achievement of build out of corporate infrastructure to support growth.

Table of Contents

The annual incentive awards brought our named executive officer's cash compensation just above the 25th percentile of our applicable peer group, given the below 25th percentile peer group median base salaries.

**Equity Incentive Awards** We believe that our long-term performance is enhanced through equity awards to our named executive officers. Equity awards reward our named executive officers for maximizing stockholder value over time and align the interests of our executives with those of our stockholders. All equity incentive awards granted to our named executive officers are approved by our compensation committee. To date, equity incentive awards to our executive officers have been made in the form of stock options with exercise prices equal to the closing market price of our common stock on the date of grant. We believe that equity incentive awards:

provide our named executive officers with a strong link to our long-term performance by enhancing their accountability for long-term decision making;

create an ownership culture by aligning the interests of our named executive officers with the creation of value for our stockholders; and

further our goal of executive retention.

Despite our exceptional business and stock price performance in 2013, no equity awards were granted to our named executive officers in 2013. In 2013, our stock price increased by approximately 231%. Prior to 2014, the last time our named executive officers were granted equity awards was in 2012 in recognition of our initial public offering and initial successes in our business. As noted above, we continued to achieve exceptional business results and stock price growth of approximately 54% in 2014. Based on our business success since our initial public offering, including with respect to stock price performance in 2013 and 2014, the compensation committee decided to reward our named executive officers for their exceptional performance with a grant equity awards in 2014 in the form of stock options with values targeted at or above the 75th percentile of our applicable peer group, using a blended approach of grant date fair value and grant as a percent of our company to determine equity grants. The equity awards granted to our named executive officers in 2014 were as follows:

Named Executive Officer	Stock Options
David Stack	150,000
James Scibetta	70,000
Taunia Markvicka	70,000
Kristen Williams	40,000
Gary Patou	25,000

The stock options have an exercise price of \$81.00 per share (the closing price of our stock price on the grant date), and vest as to 25% of the options shares on the first anniversary of the grant date, with the remaining option shares vesting in equal quarterly installments over the subsequent three years. The compensation committee believes that the grant of the stock options are an important tool to promote retention of our executives, while also incentivizing our named executive officers to create value for our stockholders.

**Other Employee Benefits** We maintain broad-based benefits that are provided to all employees, including our 401(k) retirement plan, employee stock purchase plan, flexible spending accounts, medical and dental care plans, life insurance, short- and long-term disability policies, vacation and company holidays. Our named executive officers, except for Dr. Patou who is not an employee, are eligible to participate in each of these programs on the same terms as non-executive employees; however, our named executive officers are eligible for life insurance coverage equal to three times (rather than two times) their annual base salary.

Table of Contents

**Severance and Change of Control Arrangements** We have entered into employment agreements with each of our named executive officers, except Dr. Patou, with whom we have entered into a services agreement. Each of these agreements provides the named executive officer with certain severance benefits in connection with certain terminations of the executive's employment both before and after a change of control. The compensation committee believes that reasonable severance and change of control protections for our named executive officers strengthens our competitive compensation package providing us with a recruitment and retention benefit, aligns the interests of the named executive officers with those of the stockholders and ensures continued dedication to the Company in change of control situations that may result in personal uncertainties. See "Employment Agreements, Severance and Change of Control Arrangements" below.

**Clawback** As of the date of this proxy statement, we do not have a formal compensation recovery policy, often referred to as a "clawback" policy, aside from the clawback provisions for the chief executive officer and chief financial officer under the Sarbanes-Oxley Act of 2002, which provides that the CEO and the CFO must reimburse the Company for any bonus or other incentive-based or equity-based compensation received during the twelve-month period following the preparation of an accounting restatement, as a result of misconduct. The compensation committee intends to adopt a formal clawback policy once the final rules relating to such policies are issued pursuant to the Dodd-Frank Act.

**Tax Considerations** Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, generally disallows a tax deduction for compensation in excess of \$1.0 million paid by a public company to its chief executive officer and to each other officer (other than its chief financial officer) whose compensation is required to be reported to stockholders by reason of being among the three other most highly paid executive officers. Qualifying performance-based compensation is not subject to the deduction limitation if specified requirements are met. We will periodically review the potential consequences of Section 162(m) on the various elements of our executive compensation program. However, our board of directors or compensation committee may, in its judgment, authorize compensation payments that do not comply with the exemptions under Section 162(m).

Section 409A of the Code applies to plans, agreements and arrangements that provide for the deferral of compensation, and imposes penalty taxes on employees if those plans, agreements and arrangements do not comply with Section 409A. We have sought to structure our executive compensation arrangements to be exempt from, or comply with, Section 409A.

### **Compensation Committee Report**

The compensation committee of the Company has reviewed and discussed the Compensation Discussion and Analysis with management, and, based on such review and discussions, the compensation committee recommended to the board of directors of the Company that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE OF THE BOARD OF  
DIRECTORS OF PACIRA PHARMACEUTICALS, INC.

Paul Hastings, Chairman  
Yvonne Greenstreet  
Mark Kronenfeld  
John Longenecker  
Andreas Wicki

34

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Table of Contents**Summary Compensation Table**

The following table sets forth information regarding compensation earned for services rendered during fiscal years 2014, 2013, and 2012 for our chief executive officer, our chief financial officer, and the three other most highly compensated executive officers who were serving as executive officers at the end of 2014. We refer to these individuals as our "named executive officers."

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Option Awards (\$)(1)</b>	<b>All Other Compensation (\$)(2)</b>	<b>Total (\$)</b>
David Stack	2014	\$ 596,540	\$ 425,000	\$ 6,385,926	\$ 2,772	\$ 7,410,238
<i>President and Chief Executive Officer</i>	2013	509,000	407,200		2,772	918,972
	2012	462,000	231,000	2,478,034	2,879	3,173,913
James Scibetta	2014	369,253	165,000	2,980,099	966	3,515,318
<i>Senior Vice President and Chief Financial Officer</i>	2013	328,400	140,000		630	469,030
	2012	318,100	100,000	1,062,015	654	1,480,769
Taunia Markvicka	2014	353,160	150,000	2,980,099	630	3,483,889
<i>Senior Vice President and Chief Commercial Officer</i>	2013	318,900	140,000		630	459,530
	2012	315,000	65,000	1,062,015	436	1,442,451
Gary Patou	2014	317,600	90,000	1,477,443		1,885,043
<i>Chief Medical Officer</i>	2013	229,384	50,000			279,384
	2012	285,871	50,000	1,420,570		1,756,441
Kristen Williams(3)	2014	326,711	120,000	1,702,913	420	2,150,044
<i>Chief Administrative Officer, General Counsel and Secretary</i>						

- (1) Amounts reflect the aggregate grant date fair value of grants made in each respective fiscal year computed in accordance with stock-based accounting rules (FASB ASC Topic 718-Stock Compensation), excluding the effect of estimated forfeitures. With respect to Dr. Patou, amount represents the fair value of the options granted at the time of grant on June 5, 2012, June 7, 2012 and June 3, 2014, respectively. Assumptions used in the calculations of these amounts are included in Note 11 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.
- (2) With respect to Mr. Stack, Mr. Scibetta, Dr. Markvicka, and Ms. Williams, amounts represent group term life insurance premiums paid-in full by us.
- (3) Ms. Williams was promoted to Chief Administrative Officer, General Counsel and Secretary in 2014 and was not a named executive officer in 2013 or 2012.

Table of Contents**Grants of Plan-Based Awards**

The following table provides information for each of our named executive officers regarding plan-based awards granted during fiscal year 2014.

Name	Type of Award	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$)	Grant Date Fair Value of Option Awards (\$)(1)
David Stack	Stock Option	6/3/2014	150,000	\$ 81.00	\$ 6,385,926
James Scibetta	Stock Option	6/3/2014	70,000	81.00	2,980,099
Taunia Markvicka	Stock Option	6/3/2014	70,000	81.00	2,980,099
Gary Patou	Stock Option	6/3/2014	25,000	81.00	1,477,443
Kristen Williams	Stock Option	6/3/2014	40,000	81.00	1,702,913

- (1) Amounts reflect the aggregate grant date fair value of grants computed in accordance with stock-based accounting rules (FASB ASC Topic 718-Stock Compensation), excluding the effect of estimated forfeitures. Assumptions used in the calculations of these amounts are included in Note 11 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth certain information with respect to outstanding options held by our named executive officers at December 31, 2014.

Name	Option Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date
David Stack	326,655		\$ 1.61	9/2/2020
	158,466		5.49	12/29/2020
	218,757	131,243(1)	10.81	6/5/2022
		150,000(3)	81.00	6/3/2024
James Scibetta	62,373		\$ 1.61	9/2/2020
	52,878		5.49	12/29/2020
	93,751	56,249(1)	10.81	6/5/2022
		70,000(3)	81.00	6/3/2024
Tania Markvicka	6,685		\$ 1.61	9/2/2020
	8,349		5.49	12/29/2020
	43,751	56,249(1)	10.81	6/5/2022
		70,000(3)	81.00	6/3/2024
Gary Patou	1,230		\$ 1.61	9/2/2020
	4,414		5.49	12/29/2020
	3,339	14,994(1)	10.81	6/5/2022
	33,977	22,449(2)	11.68	6/7/2022
		25,000(3)	81.00	6/3/2024
Kristen Williams	1,045	2,080(4)	\$ 9.25	10/19/2021
	1,569	4,368(5)	10.52	3/2/2022
	2,608	9,371(1)	10.81	6/5/2022
	4,382	5,618(6)	25.37	3/5/2023
		40,000(3)	81.00	6/3/2024

- (1) This option vested with respect to 25% of the shares subject to the option on June 5, 2013 and vests with respect to the remaining shares in approximately equal successive monthly installments over 36 months thereafter provided that the named executive officer continues to provide services to us over such period.
- (2) This option vested with respect to 25% of the shares subject to the option on June 7, 2013 and vests with respect to the remaining shares in approximately equal successive monthly installments over 36 months thereafter provided that the named executive officer continues to provide services to us over such period.
- (3) This option vests with respect to 25% of the shares subject to the option on June 3, 2015 and vests with respect to the remaining shares in approximately equal successive quarterly installments over 36 months thereafter provided that the named executive officer continues to provide services to us over such period.
- (4) This option vested with respect to 25% of the shares subject to the option on October 19, 2012 and vests with respect to the remaining shares in approximately equal successive monthly installments over 36 months thereafter provided that the named executive officer continues to provide services to us over such period.



Table of Contents

- (5) This option vested with respect to 25% of the shares subject to the option on March 2, 2013 and vests with respect to the remaining shares in approximately equal successive monthly installments over 36 months thereafter provided that the named executive officer continues to provide services to us over such period.
- (6) This option vested with respect to 25% of the shares subject to the option on March 5, 2014 and vests with respect to the remaining shares in approximately equal successive monthly installments over 36 months thereafter provided that the named executive officer continues to provide services to us over such period.

**Options Exercises and Stock Vested**

The following table sets forth information for each of our named executive officers regarding stock options exercised during 2014.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)
David Stack	55,000	\$ 4,553,541
James Scibetta	45,000	3,855,297
Taunia Markvicka		
Gary Patou	80,000	6,334,748
Kristen Williams	10,938	925,742

- (1) The value realized is the difference between the fair market value of our common stock at the time of exercise and the exercise price.

**Employment Agreements, Severance and Change of Control Arrangements**

*Employment Agreements*

We entered into employment agreements with each of our named executive officers, except Dr. Patou. We have entered into a services agreement with Dr. Patou, as further described below. The agreements with each of Mr. Stack, Mr. Scibetta, Dr. Markvicka and Ms. Williams provide for "at will" employment which means we or the executive can terminate his or her employment at any time, with or without cause. Pursuant to the agreements, as amended, each of such named executive officers will be entitled to a base salary and certain benefits.

If our chief executive officer (i) is terminated for any reason other than for "cause," or (ii) terminates his employment for "good reason," then he will be entitled to:

earned and accrued base salary, bonus, vacation time and other benefits;

monthly salary continuation payments for a period of 12 months from the effective date of the release required to be provided as a condition to receiving these payments;

health insurance coverage, subject to cost sharing, for 12 months following the effective date of the release required to be provided as a condition to receiving this coverage; and

immediate vesting of the portion of his outstanding unvested options that would have become vested during the 12-month period following the date of termination.



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### Table of Contents

If, within 30 days prior to, or 12 months following, a "change of control," our chief executive officer (i) is terminated for any reason other than for "cause," or (ii) terminates his employment during the agreement term for "good reason," then he will be entitled to:

earned and accrued base salary, bonus, vacation time and other benefits;

monthly salary continuation payments for a period of 24 months from the effective date of the release required to be provided as a condition to receiving these payments;

in lieu of the Targeted Incentive Bonus (as defined in the employment agreement), a bonus payment in the amount of one hundred percent (100%) of his then-current base salary, payable in one lump sum after the effective date of the release required to be provided as a condition to receiving this payment;

health insurance coverage, subject to cost sharing, for 12 months following the effective date of the release required to be provided as a condition to receiving this coverage; and

immediate vesting of all outstanding unvested options previously granted to him.

If any of our named executive officers, other than our chief executive officer and Dr. Patou, (i) is terminated for any reason other than for "cause," or (ii) terminates his or her employment for "good reason," then such executive officer will be entitled to:

earned and accrued base salary, bonus, vacation time and other benefits;

monthly salary continuation payments for a period of nine months from the effective date of the release required to be provided as a condition to receiving these payments;

health insurance coverage, subject to cost sharing, for 12 months following the effective date of the release required to be provided as a condition to receiving this coverage; and

immediate vesting of the portion of such executive officer's outstanding unvested options that would have become vested during the nine-month period following the date of termination.

If, within 30 days prior to, or 12 months following, a "change of control," any of our named executive officers, other than our chief executive officer and Dr. Patou, (i) is terminated for any reason other than for "cause," or (ii) terminates his or her employment during the agreement term for "good reason," then such executive officer will be entitled to:

earned and accrued base salary, bonus, vacation time and other benefits;

monthly salary continuation payments for a period of 12 months from the effective date of the release required to be provided as a condition to receiving these payments;

in lieu of the Targeted Incentive Bonus (as defined in the employment agreement), a bonus payment in the amount of thirty percent (30%) of such executive officer's then-current base salary, payable in one lump sum after the effective date of the release required to be provided as a condition to receiving this payment;

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health insurance coverage, subject to cost sharing, for 12 months following the effective date of the release required to be provided as a condition to receiving this coverage; and

immediate vesting of all outstanding unvested options previously granted to such executive officer.

Our obligation to make the severance payments described above will be conditioned upon the executive officer's continued compliance with the non-competition and confidentiality obligations set forth in his or her employment agreement and the executive officer's execution of a general release of claims against us.

Table of Contents

Under the employment agreements, "cause" generally means: (i) failure to substantially perform the duties owed to us after receiving written notice that sets forth in detail the specific respects in which our board of directors believes that the duties have not been substantially performed, and failure to correct the failure within 30 days after receiving a demand for substantial performance and opportunity to cure; (ii) fraud, misconduct, dishonesty, gross negligence or other acts either injurious to us or conducted with intentional disregard for our best interests; (iii) failure to follow reasonable and lawful instructions from our board of directors and failure to cure such failure after receiving 20 days advance written notice; (iv) material breach of the terms of the employment agreement or our employee proprietary information and inventions assignment agreement or any other similar agreement that may be in effect from time to time; or (v) conviction of, or pleading guilty or nolo contendere to, any misdemeanor involving dishonesty or moral turpitude or related to our business, or any felony.

Under the employment agreements, "good reason" generally means, without the executive officer's prior written consent: (i) any material reduction of the executive officer's then effective base salary that is not in accordance with his employment agreement or related to a cross-executive team salary reduction; (ii) any material breach by us of the executive officer's employment agreement; or (iii) a material reduction in the executive officer's responsibilities or duties, not including a mere reassignment following a change of control to a position that is substantially similar to the position held prior to the change of control; provided, however, that no such event or condition shall constitute good reason unless (x) the executive officer gives us a written notice of termination for good reason not more than 90 days after the initial existence of the condition, (y) the grounds for termination (if susceptible to correction) are not corrected by us within 30 days of our receipt of such notice and (z) the termination date occurs within one (1) year following our receipt of such notice.

Under the employment agreements, a "change of control" means (i) a merger or consolidation of either us or our subsidiary, Pacira Pharmaceuticals, Inc., a California corporation ("PPI-California") into another entity in which the stockholders of us or PPI-California (as applicable) do not control 50% or more of the total voting power of the surviving entity (other than a reincorporation merger); (ii) the sale, transfer or other disposition of all or substantially all of our assets in a liquidation or dissolution; or (iii) the sale or transfer of more than 50% of our outstanding voting stock. In the case of each of the foregoing clauses (i), (ii) and (iii), a change of control as a result of a financing transaction entered into by us or PPI-California shall not constitute a change of control for purposes of these agreements.

***Services Agreement with Gary Patou***

In October 2010, we entered into a services agreement with Dr. Patou, our chief medical officer, and MPM Asset Management LLC, or MPM AM, to provide services to us customarily expected of a chief medical officer. Pursuant to the amended services agreement, the services were provided by Dr. Patou at a monthly rate of approximately \$26,000 in 2014 in exchange for 80% of Dr. Patou's business time. Pursuant to certain amendments to the services agreement, the monthly service was changed to approximately \$16,000 for the first three months of 2015 and approximately \$21,000 from April 1, 2015 until December 31, 2015, in each case in exchange for 50% of Dr. Patou's business time.

If we terminate our consulting relationship with Dr. Patou and MPM AM other than for "cause" (as defined in the services agreement) or the consulting relationship is terminated by Dr. Patou and MPM AM for "good reason" (as defined in the services agreement), then MPM AM will be entitled to continuation of the then effective monthly service fee for a period of nine months following the date of termination, and Dr. Patou will be entitled to immediate vesting of the portion of the unvested options that would have vested during the nine month period following the date of termination. In addition, if within 30 days prior to, or 12 months following, a "change of control" (as defined in the agreement), the consulting relationship is terminated other than for "cause" or for "good reason", then in addition to the service payments above, Dr. Patou will also be entitled to immediate vesting of all unvested options previously granted to Dr. Patou.

Table of Contents**Potential Payments on Termination or Change of Control**

Below is a summary of the potential payments that each of our named executive officers would have received upon the occurrence of the termination events specified below, assuming that each triggering event occurred on December 31, 2014.

*Involuntary Termination without Cause or Resignation for Good Reason*

Name	Severance (\$)	Health Benefits (\$)	Acceleration of Equity Awards \$(1)	Total (\$)
David Stack	\$ 596,540	\$ 12,609	\$ 12,744,609	\$ 13,353,758
James Scibetta	276,939	18,010	4,433,000	4,727,949
Taunia Markvicka	264,870	18,010	4,433,000	4,715,880
Gary Patou	238,205		2,354,898	2,593,103
Kristen Williams	245,033		2,105,054	2,350,087

(1)

Amounts based on the fair market value of our common stock of \$88.66 per share, which was the closing price of our common stock on December 31, 2014 as reported on the Nasdaq Global Select Market.

*Involuntary Termination without Cause or Resignation for Good Reason in connection with a Change of Control*

Name	Severance (\$)	Health Benefits (\$)	Acceleration of Equity Awards \$(1)	Total (\$)
David Stack	\$ 1,789,620	\$ 12,609	\$ 24,935,004	\$ 26,737,233
James Scibetta	480,028	18,010	11,193,236	11,691,274
Taunia Markvicka	459,108	18,010	11,193,236	11,670,354
Gary Patou	238,205		5,536,196	5,774,401
Kristen Williams	408,388		5,477,004	5,855,392

(1)

Amounts based on the fair market value of our common stock of \$88.66 per share, which was the closing price of our common stock on December 31, 2014 as reported on the Nasdaq Global Select Market.

Table of Contents

**PROPOSAL NO. 3 ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

As required by Section 14A of the Exchange Act, we are asking stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement. This proposal, commonly known as a "say on pay" proposal, gives stockholders the opportunity to approve or reject our executive pay program through the following resolution:

"RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the named executive officers of Pacira Pharmaceuticals, Inc., as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and related narrative discussion in the Company's 2015 proxy statement."

We conduct the say on pay advisory vote annually, with the next vote following this year's vote occurring at the 2016 Annual Meeting of Stockholders. The say on pay vote is advisory and therefore will not be binding on the compensation committee, the board of directors or the Company. However, the compensation committee and board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Please read the "Executive Compensation" section of this proxy statement before determining how to vote on this proposal. As discussed in more detail in that section, the primary objectives of our executive compensation program are to increase stockholder value by attracting and retaining talented executives, rewarding performance that meets or exceeds our established goals, and aligning the interests of our executives with those of our stockholders. Our compensation committee, which was advised by an independent compensation consultant, aims to reward our named executive officers for performance. Performance highlights for 2014 include:

Total stockholder return in 2014 of approximately 54% and over 1,100% since our initial public offering in 2011;

EXPAREL revenue growth in 2014 of 147% and the addition of 1,187 new EXPAREL accounts;

Positive cash flows from operations in the second, third and fourth quarters of 2014;

Successful EXPAREL clinical trial and manufacturing expansion progress, including the FDA approval of our Suite C manufacturing facility at our Science Center Campus in San Diego, California;

Execution of manufacturing agreements with Patheon UK Limited for the expansion of EXPAREL manufacturing and packaging capabilities in the United Kingdom, with expected commercial production to begin in the second half of 2016;

Continued development of internal sales and marketing teams dedicated to commercializing EXPAREL and expansion of distribution network; and

Successful completion of a underwritten public offering of our common stock for net proceeds of approximately \$110.5 million.

The 2014 total cash compensation to our named executive officers approximated the 25th percentile of our applicable peer group and 2014 total equity compensation to our named executive officers was set at approximately the 75th percentile of our applicable peer group. We believe the compensation levels and structure established by our compensation committee are reasonable and appropriate.

**Recommendation of the Board of Directors**

***THE BOARD OF DIRECTORS RECOMMENDS VOTING "FOR" THE ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.***





Table of Contents

**RELATED PERSON TRANSACTIONS**

The following is a description of transactions entered into, or in effect, after January 1, 2014 to which we have been a party, in which the amount involved in the transaction exceeds \$120,000, and in which any of our directors, executive officers or beneficial owners of more than 5% of our voting securities, or affiliates or immediate family members of any of our directors, executive officers or beneficial owners of more than 5% of our voting securities, had or will have a direct or indirect material interest. We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, from unrelated third parties.

**Services Agreement with Gary Patou and MPM Asset Management LLC**

In October 2010, we entered into a services agreement with Dr. Patou, our chief medical officer, and MPM AM, to provide services to us customarily expected of a chief medical officer. Dr. Patou and our chief executive officer, David Stack, are managing directors of MPM AM, which, together with its affiliates, beneficially owned more than five percent of our outstanding common stock through March 2013. Dr. Patou's principal duties for us include obtaining approval for the EXPAREL NDA in the United States, filing the EXPAREL dossier in the European Union, developing additional clinical indications for EXPAREL and assisting with our product pipeline development. Pursuant to the services agreement, as amended, MPM AM has earned monthly service fees between approximately \$16,000 and \$26,000 in exchange for 50% to 80% of Dr. Patou's business time during the term of the services agreement. In September 2013, the parties entered into an amendment to the services agreement to provide a monthly service fee of approximately \$26,000 payable to MPM AM in exchange for 80% of Dr. Patou's business time through December 31, 2014. In November 2014 and March 2015, the parties entered into additional amendments to the services agreement to change the monthly service to approximately \$16,000 for the first three months of 2015 and approximately \$21,000 from April 1, 2015 until December 31, 2015, in each case in exchange for 50% of Dr. Patou's business time. In fiscal year 2014, we paid approximately \$0.3 million in total fees to MPM AM for Dr. Patou's services under the services agreement.

If we terminate our consulting relationship with Dr. Patou and MPM AM other than for "cause" (as defined in the services agreement) or the consulting relationship is terminated by Dr. Patou and MPM AM for "good reason" (as defined in the services agreement), then MPM AM will be entitled to continuation of the then effective monthly service fee for a period of nine months following the date of termination, and Dr. Patou will be entitled to immediate vesting of the portion of the unvested options that would have vested during the nine month period following the date of termination. In addition, if within 30 days prior to, or 12 months following, a "change of control" (as defined in the agreement), the consulting relationship is terminated other than for "cause" or for "good reason", then in addition to the service payments above, Dr. Patou will also be entitled to immediate vesting of all unvested options previously granted to Dr. Patou.

**Consulting Agreement with Gary Pace**

In August 2012, we entered into a second amended and restated consulting agreement, which provides for Gary Pace, one of our directors, to provide consulting services for manufacturing-related activities for a monthly consulting fee. As subsequently amended, under this consulting agreement, Dr. Pace provides consulting services at the rate of \$5,000 per month, not to exceed \$60,000 per year. In fiscal year 2014, we paid approximately \$0.1 million in total fees and expense reimbursements to Dr. Pace pursuant to this consulting agreement.

Table of Contents

**Policies and Procedures for Related Person Transactions**

Our board of directors has adopted a written related person transaction policy which sets forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, the amount involved exceeds \$120,000, and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person.

Any related person transaction proposed to be entered into by us is required to be reported to our chief financial officer and will be reviewed and approved by the audit committee in accordance with the terms of the policy, prior to effectiveness or consummation of the transaction, whenever practicable. If our chief financial officer determines that advance approval of a related person transaction is not practicable under the circumstances, the audit committee will review and, in its discretion, may ratify the related person transaction at the next meeting of the audit committee, or at the next meeting following the date that the related person transaction comes to the attention of our chief financial officer. Our chief financial officer, however, may present a related person transaction arising in the time period between meetings of the audit committee to the chair of the audit committee, who will review and may approve the related person transaction, subject to ratification by the audit committee at the next meeting of the audit committee.

In addition, any related person transaction previously approved by the audit committee or otherwise already existing that is ongoing in nature will be reviewed by the audit committee annually to ensure that such related person transaction has been conducted in accordance with the previous approval granted by the audit committee, if any, and that all required disclosures regarding the related person transaction are made.

Transactions involving compensation of executive officers will be reviewed and approved by the compensation committee in the manner specified in the charter of the compensation committee.

A related person transaction reviewed under this policy will be considered approved or ratified if it is authorized by the audit committee in accordance with the standards set forth in our related person transaction policy after full disclosure of the related person's interests in the transaction. As appropriate for the circumstances, the audit committee will review and consider:

the related person's interest in the related person transaction;

the approximate dollar value of the amount involved in the related person transaction;

the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;

whether the transaction was undertaken in the ordinary course of business;

whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party;

the purpose of, and the potential benefits to us of, the transaction; and

any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to stockholders in light of the circumstances of the particular transaction.

The audit committee reviews all relevant information available to it about the related person transaction. The audit committee may approve or ratify the related person transaction only if the audit



Table of Contents

committee determines that, under all of the circumstances, the transaction is in, or is not inconsistent with, our best interests. The audit committee may, in its sole discretion, impose conditions as it deems appropriate on us or the related person in connection with approval of the related person transaction. All transactions disclosed above were reviewed and approved by the audit committee in accordance with our related person transaction policy.

**Indemnification of Officers and Directors**

Our amended and restated certificate of incorporation and amended and restated bylaws, provide that we indemnify each of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Further, we have entered into indemnification agreements with each of our directors and officers, and we have purchased a policy of directors' and officers' liability insurance that insures our directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances.

Table of Contents

**PRINCIPAL STOCKHOLDERS**

The following table sets forth information, to the extent known by us or ascertainable from public filings, regarding the beneficial ownership of our common stock as of April 1, 2015 (except where otherwise noted), by:

each of our directors;

each of our named executive officers;

each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock; and

all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with SEC rules. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and include shares of common stock issuable upon the exercise of stock options that are immediately exercisable or exercisable within 60 days of April 1, 2015. Except as otherwise indicated, all of the shares reflected in the table are shares of common stock and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. The information is not necessarily indicative of beneficial ownership for any other purpose.

Percentage ownership calculations for beneficial ownership are based on 36,343,731 shares outstanding at the close of business on April 1, 2015. Except as otherwise indicated in the table below, addresses of named beneficial owners are in care of Pacira Pharmaceuticals, Inc., 5 Sylvan Way, Suite 300, Parsippany, New Jersey 07054.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of April 1, 2015 to be outstanding. We did not deem these shares outstanding, however, for the purpose of computing the

Table of Contents

percentage ownership of any other person. Beneficial ownership representing less than 1% is denoted with an asterisk (\*).

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned
<b>5% Stockholders:</b>		
T. Rowe Price Associates, Inc.(1)	4,377,651	12.0%
FMR LLC(2)	3,190,622	8.8%
Gilder, Gagnon, Howe & Co. LLC(3)	3,026,727	8.3%
Prudential Financial, Inc.(4)	2,864,310	7.9%
BlackRock, Inc.(5)	2,642,191	7.3%
The Vanguard Group(6)	2,126,133	5.9%
<b>Directors:</b>		
David Stack(7)	745,199	2.0%
Laura Brege(8)	26,334	*
Yvonne Greenstreet(9)	16,084	*
Paul Hastings(10)	29,687	*
Mark Kronenfeld(11)	23,559	*
John Longenecker(12)	27,070	*
Gary Pace(13)	135,316	*
Andreas Wicki(14)	1,100,100	3.0%
Dennis Winger(15)	22,479	*
<b>Named Executive Officers:</b>		
James Scibetta(16)	214,857	*
Taunia Markvicka(17)	74,870	*
Gary Patou(18)	54,077	*
Kristen Williams(19)	15,849	*
<b>All directors and executive officers as a group (13 persons)(20)</b>	<b>2,485,481</b>	<b>6.6%</b>

- (1) This information is derived exclusively from a Schedule 13G/A filed by T. Rowe Price Associates, Inc. with the SEC on February 13, 2015 reporting on beneficial ownership as of December 31, 2014. The address for T. Rowe Price Associates, Inc. is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (2) This information is derived exclusively from a Schedule 13G/A filed by FMR LLC with the SEC on February 13, 2015 reporting on beneficial ownership as of December 31, 2014. Subsidiaries of FMR LLC, which are controlled by FMR LLC, Edward C. Johnson 3d and Abigail P. Johnson, hold the shares of our common stock reported in the Schedule 13G/A. The address for FMR LLC, Edward C. Johnson 3d and Abigail P. Johnson is 245 Summer Street, Boston, Massachusetts 02210.
- (3) This information is derived exclusively from a Schedule 13G/A filed by Gilder, Gagnon, Howe & Co. LLC with the SEC on February 10, 2015 reporting on beneficial ownership as of December 31, 2014. The address for Gilder, Gagnon, Howe & Co. LLC is 3 Columbus Circle, 26th Floor, New York, New York 10019.
- (4) This information is derived exclusively from a Schedule 13G/A filed by Prudential Financial, Inc. ("Prudential") with the SEC on January 27, 2015 reporting on beneficial ownership as of December 31, 2014. The shares are beneficially owned by Prudential and its subsidiaries and affiliates, consisting of Jennison Associates LLC, Prudential Investment Management, Inc. and Quantitative Management Associates LLC. Through its

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### Table of Contents

parent-subsidary relationship, Prudential may be deemed to beneficially own the shares of common stock beneficially owned by its subsidiaries. The address for Prudential is 751 Broad Street, Newark, New Jersey 07102.

- (5) This information is derived exclusively from a Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 26, 2015 reporting on beneficial ownership as of December 31, 2014. The address for BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022.
- (6) This information is derived exclusively from a Schedule 13G filed by The Vanguard Group with the SEC on February 11, 2015 reporting on beneficial ownership as of December 31, 2014. The address for The Vanguard Group is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.
- (7) Consists of (i) 59 shares of common stock held directly by Mr. Stack, (ii) 18,596 shares of common stock held indirectly by Stack Schroon Mohawk FLP, (iii) 1,208 shares of common stock held indirectly by LCK Investment LLC, and (iv) 725,336 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015. Mr. Stack is the general partner of Stack Schroon Mohawk FLP and is the owner of LCK Investment LLC.
- (8) Consists of 26,334 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (9) Consists of 16,084 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (10) Consists of (i) 853 shares of common stock held directly by Mr. Hastings and (ii) 28,834 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (11) Consists of (i) 1,850 shares of common stock held directly by Dr. Kronenfeld and (ii) 21,709 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (12) Consists of 27,070 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (13) Consists of (i) 18,692 shares of common stock held directly by Dr. Pace and (ii) 116,624 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (14) Consists of 1,100,100 shares of common stock held by HBM Healthcare Investments AG (formerly HBM BioVentures AG)("HBM"). The board of directors of HBM has sole voting and investment power with respect to the shares held by such entity and acts by majority vote. The board of directors of HBM is comprised of Richard Coles, Sophia Harris, Jean-Marc Lesieur, Dr. Andreas Wicki and John Urquhart, none of whom has individual voting or investment power with respect to such shares.
- (15) Consists of (i) 2,645 shares of common stock held directly by Mr. Winger and (ii) 19,834 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (16) Consists of (i) 5,230 shares of common stock held directly by Mr. Scibetta and (ii) 209,627 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.

Table of Contents

- (17) Consists of (i) 8,579 shares of common stock held directly by Dr. Markvicka, (ii) 230 shares of common stock held indirectly by Dr. Markvicka's spouse, and (iii) 66,061 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (18) Consists of (i) 702 shares of common stock held indirectly by the Patou Family Trust, of which Dr. Patou is a trustee, and (ii) 53,375 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (19) Consists of 15,849 shares of common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.
- (20) Includes common stock issuable upon exercise of stock options that are exercisable within 60 days of April 1, 2015.



Table of Contents

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Under U.S. securities laws, directors, executive officers, and persons holding more than 10 percent of our common stock must report their initial ownership of the common stock and any changes in that ownership in reports that must be filed with the SEC. Copies of these reports also must be furnished to us. The SEC has designated specific deadlines for these reports, and we must identify in this proxy statement those persons who did not file these reports when due.

Based solely on an examination of these reports and on written representations provided to us, all directors, executive officers, and 10 percent owners timely filed all reports regarding transactions in our securities required to be filed for 2014 by Section 16(a) under the Exchange Act.

**HOUSEHOLDING**

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our documents, including the annual report to stockholders, and proxy statement, may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you upon written or oral request to Pacira Pharmaceuticals, Inc., 5 Sylvan Way, Suite 300, Parsippany NJ, 07054 Attention: Secretary, telephone: (973) 254-3560. If you want to receive separate copies of the proxy statement or annual report to stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

**STOCKHOLDER PROPOSALS**

A stockholder who would like to have a proposal considered for inclusion in our 2016 proxy statement must submit the proposal so that it is received by us no later than December 23, 2015, unless the date of our 2016 Annual Meeting of Stockholders is more than 30 days before or after June 2, 2016, in which case the proposal must be received a reasonable time before we begin to print and send our proxy materials. SEC rules set standards for eligibility and specify the types of stockholder proposals that may be excluded from a proxy statement. Stockholder proposals should be addressed to Pacira Pharmaceuticals, Inc., 5 Sylvan Way, Suite 300, Parsippany NJ, 07054 Attention: Secretary.

For stockholder proposals submitted outside of the SEC proposal rules, our Bylaws require that advance written notice in proper form for matters to be brought before an annual stockholders meeting be received by the Secretary of the Company not less than 90 days or more than 120 days before the first anniversary date of the immediately preceding annual stockholders meeting. Accordingly, notice of stockholder proposals for the 2016 Annual Meeting of Stockholders must be received by us between February 3, 2016 and March 4, 2016. If the date of our 2016 Annual Meeting of Stockholders is advanced more than 20 days before, or delayed more than 60 days beyond June 2, 2016, proper notice of stockholders proposals must be received as provided for in our Bylaws.

Table of Contents

**OTHER MATTERS**

Our board of directors does not know of any other matters to be brought before the Annual Meeting. If any other matters not mentioned in this proxy statement are properly brought before the meeting, the individuals named in the enclosed proxy intend to use their discretionary voting authority under the proxy to vote the proxy in accordance with their best judgment on those matters.

By Order of the Board of Directors,

/s/ KRISTEN WILLIAMS

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Kristen Williams

*Chief Administrative Officer, General Counsel and Secretary*

April 21, 2015











