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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-35060

PACIRA PHARMACEUTICALS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**51-0619477**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

5 Sylvan Way, Suite 300
Parsippany, New Jersey, 07054
(Address and Zip Code of Principal Executive Offices)

(973) 254-3560
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	
(Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of April 25, 2017, 40,093,883 shares of the registrant's common stock, $0.001 par value per share, were outstanding.

PACIRA PHARMACEUTICALS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2017
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PART I — FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS (Unaudited)***

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)
(Unaudited)

	March 31, 2017	December 31, 2016
		(Note 2)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 108,970	$ 35,944
Short-term investments	274,729	136,653
Accounts receivable, net	27,702	29,937
Inventories, net	30,311	31,278
Prepaid expenses and other current assets	6,252	9,277
Total current assets	447,964	243,089
Fixed assets, net	102,571	101,016
Goodwill	48,829	46,737
Other assets	598	624
Total assets	$ 599,962	$ 391,466
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 9,373	$ 7,511
Accrued expenses	34,900	36,666
Convertible senior notes	759	—
Current portion of deferred revenue	520	595
Income taxes payable	96	66
Total current liabilities	45,648	44,838
Convertible senior notes	265,992	108,738
Deferred revenue	7,357	7,487
Other liabilities	10,332	11,427
Total liabilities	329,329	172,490
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, par value $0.001; 5,000,000 shares authorized; none issued and outstanding at March 31, 2017 and December 31, 2016	—	—
Common stock, par value $0.001, 250,000,000 shares authorized; 40,023,258 shares issued and outstanding at March 31, 2017; 37,480,952 shares issued and outstanding at December 31, 2016	40	37
Additional paid-in capital	637,066	565,207
Accumulated deficit	(366,391)	(346,238)
Accumulated other comprehensive loss	(82)	(30)
Total stockholders' equity	270,633	218,976
Total liabilities and stockholders' equity	$ 599,962	$ 391,466

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2017	**2016**
Revenues:		
Net product sales	$ 68,425	$ 64,502
Collaborative licensing and milestone revenue	206	356
Royalty revenue	652	616
Total revenues	69,283	65,474
Operating expenses:		
Cost of goods sold	24,581	20,278
Research and development	16,632	9,493
Selling, general and administrative	42,120	37,957
Total operating expenses	83,333	67,728
Loss from operations	(14,050)	(2,254)
Other (expense) income:		
Interest income	514	252
Interest expense	(2,589)	(1,868)
Loss on early extinguishment of debt	(3,721)	—
Other, net	10	48
Total other expense, net	(5,786)	(1,568)
Loss before income taxes	(19,836)	(3,822)
Income tax expense	(30)	(32)
Net loss	$ (19,866)	$ (3,854)
Net loss per share:		
Basic and diluted net loss per common share	$ (0.52)	$ (0.10)
Weighted average common shares outstanding:		
Basic and diluted	37,998	37,020

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2017	**2016**
Net loss	$ (19,866)	$ (3,854)
Other comprehensive income (loss):		
Net unrealized gain (loss) on investments	(52)	101
Total other comprehensive income (loss)	(52)	101
Comprehensive loss	$ (19,918)	$ (3,753)

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2017

(In thousands)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance at December 31, 2016	37,481	$ 37	$ 565,207	$ (346,238)	$ (30)	$ 218,976
Cumulative effect adjustment of the adoption of Accounting Standards Update 2016-09 (Note 2)	—	—	287	(287)	—	—
Exercise of stock options	62	—	852	—	—	852
Stock-based compensation	—	—	7,400	—	—	7,400
Issuance of common stock upon conversion of 2019 convertible senior notes	2,480	3	120,463	—	—	120,466
Retirement of equity component of 2019 convertible senior notes	—	—	(125,811)	—	—	(125,811)
Equity component of 2022 convertible senior notes issued, net	—	—	68,668	—	—	68,668
Net unrealized loss on investments	—	—	—	—	(52)	(52)
Net loss	—	—	—	(19,866)	—	(19,866)
Balance at March 31, 2017	40,023	$ 40	$ 637,066	$ (366,391)	$ (82)	$ 270,633

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
		(Note 2)
Operating activities:		
Net loss	$ (19,866)	$ (3,854)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation of fixed assets and amortization of intangibles	3,104	3,165
Amortization of unfavorable lease obligation and debt issuance costs	168	120
Amortization of debt discount	1,411	1,022
Loss on early extinguishment of debt	3,721	—
Loss on disposal of fixed assets	137	—
Stock-based compensation	7,400	8,490
Changes in operating assets and liabilities:		
Accounts receivable, net	2,235	(46)
Inventories, net	967	(2,099)
Prepaid expenses and other assets	3,051	(2,917)
Accounts payable, accrued expenses and income taxes payable	(1,056)	(6,227)
Other liabilities	(1,061)	(419)
Deferred revenue	(205)	(356)
Net cash provided by (used in) operating activities	6	(3,121)
Investing activities:		
Purchases of fixed assets	(3,616)	(7,053)
Purchases of investments	(180,342)	(67,843)
Sales of investments	42,214	54,925
Payment of contingent consideration	(2,092)	(1,904)
Net cash used in investing activities	(143,836)	(21,875)
Financing activities:		
Proceeds from exercise of stock options	852	3,041
Proceeds from 2022 convertible senior notes	345,000	—
Repayment of debt	(117,712)	—
Payment of debt issuance and financing costs	(11,000)	—
Costs for conversion of convertible senior notes	(284)	—
Net cash provided by financing activities	216,856	3,041
Net increase (decrease) in cash and cash equivalents	73,026	(21,955)
Cash and cash equivalents, beginning of period	35,944	56,984
Cash and cash equivalents, end of period	$ 108,970	$ 35,029
Supplemental cash flow information:		
Cash paid for interest	$ 2,380	$ 1,926
Cash paid for income taxes, net of refunds	$ —	$ 142
Non-cash investing and financing activities:		
Issuance of common stock from conversion of 2019 convertible senior notes	$ 120,466	$ —
Retirement of equity component of 2019 convertible senior notes	$ (125,811)	$ —
Equity component of the 2022 convertible senior notes	$ 70,930	$ —
Net increase in accrued fixed assets	$ 1,179	$ 1,554

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—DESCRIPTION OF BUSINESS

Pacira Pharmaceuticals, Inc. and its subsidiaries (collectively, the "Company" or "Pacira") is a specialty pharmaceutical company focused on the development, manufacture and commercialization of pharmaceutical products, based on its proprietary DepoFoam® extended release drug delivery technology, for use primarily in hospitals and ambulatory surgery centers. Pacira is committed to driving innovation in postsurgical pain management with opioid-sparing strategies.

The Company's lead product, EXPAREL® (bupivacaine liposome injectable suspension), which consists of bupivacaine encapsulated in DepoFoam, was approved by the United States Food and Drug Administration, or FDA, on October 28, 2011 and launched commercially in April 2012. DepoFoam is also the basis for the Company's other FDA-approved product, DepoCyt(e), which the Company manufactures for its commercial partners. The Company also sells its bupivacaine liposome injectable suspension product to a commercial partner to serve animal health indications.

Pacira is subject to risks common to companies in similar industries and stages of development, including, but not limited to, competition from larger companies, reliance on revenue from few products, reliance on a single manufacturing site, new technological innovations, dependence on key personnel, reliance on third-party service providers and sole source suppliers, protection of proprietary technology and compliance with government regulations.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

These interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America, or GAAP, and in accordance with the rules and regulations of the Securities and Exchange Commission for interim reporting. Pursuant to these rules and regulations, certain information and footnote disclosures normally included in complete annual financial statements have been condensed or omitted. Therefore, these interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The consolidated financial statements at March 31, 2017, and for the three months ended March 31, 2017 and 2016, are unaudited, but include all adjustments (consisting of only normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial information set forth herein in accordance with GAAP. The consolidated balance sheet at December 31, 2016 is derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The accounts of wholly-owned subsidiaries are included in the consolidated financial statements. Intercompany accounts and transactions have been eliminated in consolidation.

The results of operations for the interim periods are not necessarily indicative of results that may be expected for any other interim periods or for the full year.

Concentration of Major Customers

The Company's customers are national and regional wholesalers of pharmaceutical products as well as commercial, collaborative and licensing partners. The Company sells EXPAREL through a drop-ship program under which orders are processed through wholesalers (including AmerisourceBergen Health Corporation, Cardinal Health, Inc. and McKesson Drug Company), but shipments of the product are sent directly to individual accounts, such as hospitals, ambulatory surgery centers and individual doctors. The table below includes the percentage of revenue comprised by the Company's three largest customers (i.e., wholesalers or commercial partners) in each period presented:

	Three Months Ended March 31,	
	2017	2016
Largest customer	35%	33%
Second largest customer	29%	28%
Third largest customer	25%	27%
	89%	88%

Recent Accounting Pronouncements

Recently Adopted

In March 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. This update includes multiple provisions intended to simplify various aspects of the accounting for share-based payment transactions including accounting for excess tax benefits and tax deficiencies, classification of excess tax benefits and tax deficiencies in the statement of cash flows and accounting for award forfeitures. The update also removes the requirement to delay recognition of an excess tax benefit until it reduces current taxes payable, instead, it is required to be recognized at the time of settlement, subject to normal valuation allowance considerations. This update became effective for the Company beginning January 1, 2017. The Company elected an accounting policy change to record forfeitures as they occur rather than estimating forfeitures during each period and recorded a charge of $0.3 million to retained earnings as of January 1, 2017 related to the reversal of cumulative forfeiture estimates. The adoption of this standard also resulted in the recognition of $29.3 million of previously unrecognized excess tax benefits in deferred tax assets, fully offset by a valuation allowance. The changes have been applied prospectively in accordance with the update and prior periods have not been adjusted. All tax-related cash flows resulting from stock-based compensation, including the excess tax benefits related to the settlement of stock-based awards, will be classified as cash flows from operating activities in the Company's consolidated statements of cash flows. The Company does not believe that any of the provisions in ASU 2016-09 will have a significant impact on its consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The standard requires entities to measure most inventory "at the lower of cost and net realizable value," thereby simplifying the previous guidance under which an entity must measure inventory at the lower of cost or market (market in this context is defined as one of three different measures, one of which is net realizable value). The standard became effective for the Company prospectively beginning January 1, 2017. The adoption of ASU 2015-11 did not have a material impact on the Company's consolidated financial statements.

Not Adopted as of March 31, 2017

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which requires that an entity recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to its customers. In order to achieve this core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation. During the fiscal third quarter of 2015, the FASB approved a one year deferral to the effective date to be adopted by all public companies for all annual periods and interim reporting periods beginning after December 15, 2017. During 2016, the FASB issued additional guidance and clarification relating to identifying performance obligations, licensing, principal versus agent considerations, assessing collectability, presentation of sales taxes, noncash consideration and contract modifications and completed contracts at transition. These updates will replace existing revenue recognition guidance under GAAP when it becomes effective for the Company beginning January 1, 2018, and permits two methods of adoption: the full retrospective method, which requires the standard to be applied to each prior period presented, or the modified retrospective method, which requires the cumulative effect of adoption to be recognized as an adjustment to opening retained earnings in the period of adoption. While the Company is continuing to evaluate the impact of these updates on its consolidated financial statements, it does not expect the implementation of ASU 2014-09 and the subsequently issued related guidance to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)*. This update requires lessees to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous authoritative guidance. The lease liability will be equal to the present value of lease payments and the right-of-use asset will be based on the

lease liability, subject to adjustment for items such as initial direct costs. For income statement purposes, the new standard retains a dual model similar to Accounting Standards Codification, or ASC, 840, requiring leases to be classified as either operating or financing. For lessees, operating leases will result in straight-line expense (similar to current accounting by lessees for operating leases under ASC 840) while financing leases will result in a front-loaded expense pattern (similar to current accounting by lessees for capital leases under ASC 840). This update also introduces new disclosure requirements for leasing arrangements. The standard is effective for annual reporting periods beginning after December 15, 2018 and interim periods within those annual periods. Early adoption is permitted. The Company is evaluating the impact of ASU 2016-02 on its consolidated financial statements. Refer to Note 12, *Commitments and Contingencies*, for further discussion on the Company's leases.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. Entities will now use forward-looking information to better form their credit loss estimates. This update also requires enhanced disclosures to help financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity's portfolio. This ASU is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Company is evaluating the impact of ASU 2016-13 on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which clarifies existing guidance on how companies present and classify certain cash receipts and cash payments in the statement of cash flows by addressing specific cash flow issues in an effort to reduce diversity in practice, including guidance on debt prepayment or extinguishment costs and contingent consideration payments made after a business combination. This update is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact of ASU 2016-15 on its consolidated financial statements.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or not significant to the consolidated financial statements of the Company.

NOTE 3—INVENTORIES

The components of inventories are as follows (in thousands):

	March 31, 2017	December 31, 2016
Raw materials	$ 12,966	$ 11,742
Work-in-process	7,709	11,621
Finished goods	9,636	7,915
Total	$ 30,311	$ 31,278

NOTE 4—FIXED ASSETS

Fixed assets, summarized by major category, consist of the following (in thousands):

	March 31, 2017	December 31, 2016
Machinery and laboratory equipment	$ 34,399	$ 34,309
Leasehold improvements	33,814	33,787
Computer equipment and software	6,509	5,623
Office furniture and equipment	1,606	1,606
Construction in progress	66,855	63,201
Total	143,183	138,526
Less: accumulated depreciation	(40,612)	(37,510)
Fixed assets, net	$ 102,571	$ 101,016

For each of the three month periods ended March 31, 2017 and 2016, depreciation expense was $3.1 million. For the three months ended March 31, 2017 and 2016, capitalized interest on the construction of manufacturing sites was $0.2 million and $0.3 million, respectively.

At March 31, 2017 and December 31, 2016, total fixed assets, net, includes leasehold improvements and manufacturing process equipment located in England in the amount of $37.0 million and $33.7 million, respectively.

NOTE 5—GOODWILL

In March 2007, the Company acquired from SkyePharma Holding, Inc., or Skyepharma, its California operating subsidiary, referred to herein as the Acquisition. The Company's goodwill arose in April 2012 from a contingent milestone payment to Skyepharma in connection with the Acquisition. The Acquisition was accounted for under Statement of Financial Accounting Standards 141, *Accounting for Business Combinations*, which was the effective GAAP standard at the Acquisition date. In connection with the Acquisition, the Company agreed to certain earn-out payments based on a percentage of net sales of DepoBupivacaine products collected, including EXPAREL, and certain other yet-to-be-developed products, as well as milestone payments for DepoBupivacaine products, including EXPAREL, as follows:

(i) $10.0 million upon the first commercial sale in the United States (met April 2012);
(ii) $4.0 million upon the first commercial sale in a major E.U. country (United Kingdom, France, Germany, Italy and Spain);
(iii) $8.0 million when annual net sales collected reach $100.0 million (met September 2014);
(iv) $8.0 million when annual net sales collected reach $250.0 million (met June 2016); and
(v) $32.0 million when annual net sales collected reach $500.0 million.

The first milestone was met in April 2012, resulting in a $10.0 million payment to Skyepharma. The Company recorded this payment net of a $2.0 million contingent consideration liability recognized at the time of the Acquisition, resulting in $8.0 million recorded as goodwill. In September 2014, the Company achieved an $8.0 million milestone in connection with achieving $100.0 million of annual EXPAREL net sales collected, and in June 2016, the Company achieved another $8.0 million milestone for achieving $250.0 million of annual EXPAREL net sales collected. For purposes of meeting future potential milestone payments, annual net sales are measured on a rolling quarterly basis. Cumulatively through March 31, 2017, the Company has recorded an additional $24.9 million as goodwill for earn-out payments that are based on a percentage of net sales of DepoBupivacaine products collected, including EXPAREL. Any remaining earn-out payments will also be treated as additional costs of the Acquisition and, therefore, recorded as goodwill if and when each contingency is resolved.

The change in the carrying value of goodwill is summarized as follows (in thousands):

	Carrying Value
Balance at December 31, 2016	$ 46,737
Percentage payments on collections of net sales of DepoBupivacaine products	2,092
Balance at March 31, 2017	$ 48,829

NOTE 6—DEBT

Convertible Senior Notes Due 2022

On March 13, 2017, the Company completed a private placement of $345.0 million in aggregate principal amount of 2.375% convertible senior notes due 2022, or 2022 Notes, and entered into an indenture agreement, or 2022 Indenture, with respect to the 2022 Notes. The 2022 Notes accrue interest at a fixed rate of 2.375% per year, payable semiannually in arrears on April 1 and October 1 of each year, beginning on October 1, 2017. The 2022 Notes mature on April 1, 2022.

The composition of the Company's 2022 Notes is as follows (in thousands):

	March 31, 2017	December 31, 2016
2.375% convertible senior notes due 2022	$ 345,000	$ —
Deferred financing costs	(8,661)	—
Discount on debt	(70,347)	—
Total debt, net of debt discount and deferred financing costs	$ 265,992	$ —

The net proceeds from the issuance of the 2022 Notes were approximately $334.0 million, after deducting commissions and the estimated offering expenses payable by the Company. A portion of the net proceeds from the 2022 Notes were used by the Company to repurchase the majority of its then-outstanding convertible senior notes due 2019 in privately-negotiated transactions.

Holders may convert the 2022 Notes at any time prior to the close of business on the business day immediately preceding October 1, 2021, only under the following circumstances:

(i) during any calendar quarter commencing after the calendar quarter ending on June 30, 2017 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than 130% of the conversion price on each applicable trading day;

(ii) during the five business-day period immediately after any five consecutive trading-day period (the ''measurement period'') in which the trading price (as defined in the 2022 Indenture) per $1,000 principal amount of the 2022 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;

(iii) upon the occurrence of specified corporate events, including a merger or a sale of all or substantially all of the Company's assets; or

(iv) if the Company calls the 2022 Notes for redemption, until the close of business on the business day immediately preceding the redemption date.

On or after October 1, 2021, until the close of business on the second scheduled trading day immediately preceding April 1, 2022, holders may convert their 2022 Notes at any time.

Upon conversion, holders will receive the principal amount of their 2022 Notes and any excess conversion value, calculated based on the per share volume-weighted average price for each of the 40 consecutive trading days during the observation period (as more fully described in the 2022 Indenture). For both the principal and excess conversion value, holders may receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's option. The initial conversion rate for the 2022 Notes is 14.9491 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of $66.89 per share of the Company's common stock. The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. The initial conversion price of the 2022 Notes represents a premium of approximately 37.5% to the closing sale price of $48.65 per share of the Company's common stock on the NASDAQ Global Select Market on March 7, 2017, the date that the Company priced the private offering of the 2022 Notes.

As of March 31, 2017, the 2022 Notes had a market price of $1,037 per $1,000 principal amount. In the event of conversion, holders would forgo all future interest payments, any unpaid accrued interest and the possibility of further stock price appreciation. Upon the receipt of conversion requests, the settlement of the 2022 Notes will be paid pursuant to the terms of the 2022 Indenture. In the event that all of the 2022 Notes are converted, the Company would be required to repay the $345.0 million in principal value and any conversion premium in any combination of cash and shares of its common stock (at the Company's option).

Prior to April 1, 2020, the Company may not redeem the 2022 Notes. On or after April 1, 2020, the Company may redeem for cash all or part of the 2022 Notes if the last reported sale price (as defined in the 2022 Indenture) of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period ending within five trading days prior to the date on which the Company provides notice of redemption. The redemption price will equal the sum of (i) 100% of the principal amount of the 2022 Notes being redeemed, plus (ii) accrued and unpaid interest, including additional interest, if any, to, but excluding, the redemption date. In addition, calling the 2022 Notes for redemption will constitute a "make whole fundamental change " (as defined in the 2022 Indenture) and will, in certain circumstances, increase the conversion rate applicable to the conversion of such notes if it is converted in connection with the redemption. No sinking fund is provided for the 2022 Notes.

If the Company undergoes a fundamental change, as defined in the 2022 Indenture, subject to certain conditions, holders of the 2022 Notes may require the Company to repurchase for cash all or part of their 2022 Notes at a repurchase price equal to 100% of the principal amount of the 2022 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the

fundamental change repurchase date. In addition, if a ‘‘make-whole fundamental change’’ (as defined in the 2022 Indenture) occurs prior to April 1, 2022, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its notes in connection with the make-whole fundamental change.

The 2022 Notes are the Company’s general unsecured obligations that rank senior in right of payment to all of its indebtedness that is expressly subordinated in right of payment to the 2022 Notes, and equal in right of payment to the Company’s unsecured indebtedness. The 2022 Notes are also effectively junior in right of payment to any of the Company’s secured indebtedness to the extent of the value of the assets securing such indebtedness, and are structurally subordinated to any debt or other liabilities (including trade payables) of the Company’s subsidiaries.

While the 2022 Notes are currently classified on the Company’s consolidated balance sheet at March 31, 2017 as long-term debt, the future convertibility and resulting balance sheet classification of this liability will be monitored at each quarterly reporting date and will be analyzed dependent upon market prices of the Company’s common stock during the prescribed measurement periods. In the event that the holders of the 2022 Notes have the election to convert the 2022 Notes at any time during the prescribed measurement period, the 2022 Notes would then be considered a current obligation and classified as such.

Under Accounting Standards Codification 470-20, *Debt with Conversion and Other Options*, an entity must separately account for the liability and equity components of convertible debt instruments (such as the 2022 Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer’s economic interest cost. The liability component of the instrument is valued in a manner that reflects the market interest rate for a similar nonconvertible instrument at the date of issuance. The initial carrying value of the liability component of $274.1 million was calculated using a 7.45% assumed borrowing rate. The equity component of $70.9 million, representing the conversion option, was determined by deducting the fair value of the liability component from the par value of the 2022 Notes and is recorded in additional paid-in capital on the consolidated balance sheet at the issuance date. That equity component is treated as a discount on the liability component of the 2022 Notes, which is amortized over the five year term of the 2022 Notes using the effective interest rate method. The equity component is not re-measured as long as it continues to meet the conditions for equity classification.

The Company allocated the total transaction costs of approximately $11.0 million related to the issuance of the 2022 Notes to the liability and equity components of the 2022 Notes based on their relative values. Transaction costs attributable to the liability component are amortized to interest expense over the five-year term of the 2022 Notes, and transaction costs attributable to the equity component are netted with the equity component in stockholders’ equity.

The 2022 Notes do not contain any financial or operating covenants or any restrictions on the payment of dividends, the issuance of other indebtedness or the issuance or repurchase of securities by the Company. The 2022 Indenture contains customary events of default with respect to the 2022 Notes, including that upon certain events of default, 100% of the principal and accrued and unpaid interest on the 2022 Notes will automatically become due and payable.

Convertible Senior Notes Due 2019

On January 23, 2013, the Company completed a private placement of $120.0 million in aggregate principal amount of 3.25% convertible senior notes due 2019, or 2019 Notes, and entered into an indenture agreement, or 2019 Indenture, with respect to the 2019 Notes. The 2019 Notes accrue interest at a fixed rate of 3.25% per year, payable semiannually in arrears on February 1 and August 1 of each year. The 2019 Notes mature on February 1, 2019.

The composition of the Company’s 2019 Notes is as follows (in thousands):

	March 31, 2017	December 31, 2016
3.25% convertible senior notes due 2019	$ 819	$ 118,531
Deferred financing costs	(8)	(1,276)
Discount on debt	(52)	(8,517)
Total debt, net of debt discount and deferred financing costs	$ 759	$ 108,738

In March 2017, the Company used part of the net proceeds from the issuance of the 2022 Notes discussed above to repurchase $117.7 million aggregate principal of the 2019 Notes in privately-negotiated transactions for an aggregate of approximately $118.2 million in cash and the issuance of an aggregate of approximately 2.5 million shares of common stock.

The partial repurchase of the 2019 Notes resulted in a $3.7 million loss on early debt extinguishment. At March 31, 2017, $0.8 million of principal remains outstanding on the 2019 Notes.

On or after August 1, 2018, until the close of business on the second scheduled trading day immediately preceding February 1, 2019, holders may convert their 2019 Notes at any time. Upon conversion, holders will receive cash up to the principal amount of the 2019 Notes and, with respect to any excess conversion value, may receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's option. The initial conversion rate for the 2019 Notes was 40.2945 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of $24.82 per share of the Company's common stock. The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest.

Holders may convert their 2019 Notes prior to August 1, 2018 only if certain circumstances are met, including if during the previous calendar quarter, the sales price of the Company's common stock was greater than 130% of the conversion price then applicable for at least 20 out of the last 30 consecutive trading days of the quarter. During the quarter ended March 31, 2017, this condition for conversion was met. As a result, the 2019 Notes are classified as a current obligation and will be convertible until June 30, 2017. As of March 31, 2017, the 2019 Notes had a market price of $1,914 per $1,000 principal amount, compared to an estimated conversion value of $1,837 per $1,000 principal amount. In the event that the remaining 2019 Notes are converted, the Company would be required to repay the $0.8 million of principal value in cash and settle approximately $0.7 million of the conversion premium in cash, common stock or a combination of cash and shares of its common stock at the Company's option as of March 31, 2017.

As of February 1, 2017, the Company may redeem for cash all or part of the 2019 Notes if the last reported sale price (as defined in the Indenture) of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period, ending within five trading days prior to the date on which the Company provides notice of redemption. If the 2019 Notes are called for redemption, the holder has the right to submit these notes for conversion at any time prior to the the redemption date, and the Company will, in addition to paying the principal and conversion premium, pay a make-whole premium equal to the sum of the present value of the remaining scheduled payments of interest that would have been made on the Notes to be converted had such notes remained outstanding from the applicable conversion date to the maturity date.

Interest Expense

The following table sets forth the total interest expense recognized in the periods presented (in thousands):

	Three Months Ended March 31,	
	2017	**2016**
Contractual interest expense	$ 1,189	$ 963
Amortization of debt issuance costs	201	153
Amortization of debt discount	1,411	1,022
Capitalized interest (Note 4)	(212)	(270)
Total	$ 2,589	$ 1,868
Effective interest rate on convertible senior notes	7.48%	7.22%

NOTE 7—FINANCIAL INSTRUMENTS

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or be paid to transfer a liability in the principal or most advantageous market in an orderly transaction. To increase consistency and comparability in fair value measurements, the FASB established a three-level hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of fair value measurements are:

- Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- Level 2—Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3—Unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The carrying value of financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximate their respective fair values due to the short-term nature of these items. The fair value of the Company's convertible senior notes at March 31, 2017 are calculated utilizing market quotations from an over-the-counter trading market for these instruments (Level 2). The carrying amount and fair value of the 2019 Notes and 2022 Notes are as follows (in thousands):

Financial Liabilities Carried at Historical Cost		**Fair Value Measurements Using**		
March 31, 2017	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**
2.375% convertible senior notes due 2022 (1)	$ 265,992	$ —	$ 357,722	$ —
3.25% convertible senior notes due 2019 (2)	$ 759	$ —	$ 1,567	$ —

(1) The closing price of the Company's common stock was $45.60 per share at March 31, 2017 compared to a conversion price of $66.89 per share. Currently, the conversion price is above the stock price. The maximum conversion premium that can be due on the 2022 Notes is approximately 5.2 million shares, which assumes no increases in the conversion rate for certain corporate events.

(2) The closing price of the Company's common stock was $45.60 per share at March 31, 2017 compared to a conversion price of $24.82 per share which, if converted, would result in an approximate conversion premium of less than 0.1 million shares or $0.7 million of cash. The maximum conversion premium that can be due on the 2019 Notes is less than 0.1 million shares, which assumes no increases in the conversion rate for certain corporate events.

Short-term investments consist of asset-backed securities collateralized by credit card receivables, investment grade commercial paper and corporate bonds with maturities less than one year. The net unrealized gains and losses from the Company's short-term investments are reported in other comprehensive income (loss). At March 31, 2017, all of the Company's short-term investments are classified as available for sale investments and are determined to be Level 2 instruments, which are measured at fair value using standard industry models with observable inputs. The fair value of the commercial paper is measured based on a standard industry model that uses the three-month Treasury bill rate as an observable input. The fair value of the asset-backed securities and corporate bonds is principally measured or corroborated by trade data for identical issues in which related trading activity is not sufficiently frequent to be considered a Level 1 input or that of comparable securities. At March 31, 2017, the Company's short-term investments were rated A or better by Standard & Poor's.

The following summarizes the Company's investments at March 31, 2017 and December 31, 2016 (in thousands):

March 31, 2017 Debt Securities	**Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value (Level 2)**
Short-term:				
Asset-backed securities	$ 46,285	$ —	$ (9)	$ 46,276
Commercial paper	45,232	6	(6)	45,232
Corporate bonds	183,294	8	(81)	183,221
Total	$ 274,811	$ 14	$ (96)	$ 274,729

December 31, 2016 Debt Securities	**Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value (Level 2)**
Short-term:				
Asset-backed securities	$ 9,012	$ —	$ (2)	$ 9,010
Commercial paper	39,530	8	(15)	39,523
Corporate bonds	88,141	11	(32)	88,120
Total	$ 136,683	$ 19	$ (49)	$ 136,653

Certain assets and liabilities are measured at fair value on a nonrecurring basis, including assets and liabilities acquired in a business combination and long-lived assets, which would be recognized at fair value if deemed to be impaired or if reclassified as assets held for sale. The fair value in these instances would be determined using Level 3 inputs. At March 31, 2017, the Company had no financial instruments that were measured using Level 3 inputs.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivable. The Company maintains its cash and cash equivalents with high-credit quality financial institutions. Such amounts may exceed federally-insured limits.

As of March 31, 2017, three customers each accounted for over 10% of the Company's accounts receivable, at 35%, 30% and 25%, respectively. At December 31, 2016, three customers each accounted for over 10% of the Company's accounts receivable, at 36%, 29% and 25%, respectively (for additional information regarding the Company's customers, see Note 2, *Summary of Significant Accounting Policies*). Revenues are primarily derived from major wholesalers and pharmaceutical companies that generally have significant cash resources. The Company performs ongoing credit evaluations of its customers as warranted and generally does not require collateral. Allowances for doubtful accounts receivable are maintained based on historical payment patterns, aging of accounts receivable and the Company's actual write-off history. As of March 31, 2017 and December 31, 2016, no allowances for doubtful accounts were deemed necessary by the Company on its accounts receivable.

NOTE 8—STOCK PLANS

Stock-Based Compensation

The Company recognized stock-based compensation expense in its consolidated statements of operations as follows (in thousands):

	Three Months Ended March 31,	
	2017	**2016**
Cost of goods sold	$ 1,375	$ 1,549
Research and development	658	893
Selling, general and administrative	5,367	6,048
Total	$ 7,400	$ 8,490
Stock-based compensation from:		
Stock options (employee awards)	$ 5,917	$ 6,856
Stock options (consultant awards)	53	274
Restricted stock units (employee awards)	1,223	1,085
Employee stock purchase plan	207	275
Total	$ 7,400	$ 8,490

Employee Stock Purchase Plan

The Company's 2014 Employee Stock Purchase Plan, or ESPP, features two six-month offering periods per year, running from January 1 to June 30 and July 1 to December 31. Under the ESPP, employees may elect to contribute after-tax earnings to purchase shares at 85% of the closing fair market value of the Company's common stock on either the offering date or the purchase date, whichever is less. During the three months ended March 31, 2017, no shares were purchased or issued under the ESPP.

Equity Awards

The following tables contain information about the Company's stock option and restricted stock unit, or RSU, activity for the three months ended March 31, 2017:

Stock Options	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2016	5,207,743	$ 42.16
Granted	63,650	43.99
Exercised	(62,056)	13.73
Forfeited	(122,168)	55.49
Expired	(28,351)	75.63
Outstanding at March 31, 2017	5,058,818	42.02

Restricted Stock Units	Number of Units	Weighted Average Grant Date Fair Value
Unvested at December 31, 2016	364,403	$ 52.85
Granted	2,063	44.30
Vested	(326)	62.73
Forfeited	(18,535)	57.81
Unvested at March 31, 2017	347,605	52.47

The weighted average fair value of stock options granted for the three months ended March 31, 2017 was $22.56 per share. The fair values of stock options granted were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	Three Months Ended March 31, 2017
Expected dividend yield	None
Risk free interest rate	2.09%
Expected volatility	54.0%
Expected term of options	5.75

NOTE 9—STOCKHOLDERS' EQUITY

Accumulated Other Comprehensive Income (Loss)

The following table illustrates the changes in the balances of the Company's accumulated other comprehensive income (loss) for the periods presented (in thousands):

	Three Months Ended March 31,	
Net unrealized gains (losses) from available for sale investments:	2017	2016
Balance at beginning of period	$ (30)	$ (52)
Other comprehensive income (loss) before reclassifications	(52)	101
Amounts reclassified from accumulated other comprehensive income (loss)	—	—
Balance at end of period	$ (82)	$ 49

NOTE 10—NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing the net income (loss) attributable to common shares by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share is calculated by dividing the net income (loss) attributable to common shares by the weighted average number of common shares outstanding plus dilutive potential common stock outstanding during the period. Potential common shares include the shares of common stock issuable upon the exercise of outstanding stock options and warrants, the vesting of RSUs and the purchase of shares from the ESPP (using the treasury stock method) as well as the conversion of the excess conversion value on the 2019 Notes and 2022 Notes. As discussed in Note 6, *Debt,* the Company has either the obligation or the option to pay cash for the aggregate principal amount due upon the conversion of its convertible senior notes. Since it is the Company's intent to settle the

principal amount of its convertible senior notes in cash, the potentially dilutive effect of such notes on net income (loss) per share is computed under the treasury stock method.

Potential common shares are excluded from the diluted net loss per share computation to the extent they would be antidilutive. Because the Company reported a net loss for the three months ended March 31, 2017 and 2016, no potentially dilutive securities have been included in the computation of diluted net loss per share for those periods.

The following table sets forth the computation of basic and diluted net income (loss) per share for the three months ended March 31, 2017 and 2016 (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2017	2016
Numerator:		
Net loss	$ (19,866)	$ (3,854)
Denominator:		
Weighted average common shares outstanding	37,998	37,020
Net loss per share:		
Basic and diluted net loss per common share	$ (0.52)	$ (0.10)

The following outstanding stock options, RSUs, conversion premiums on the Company's convertible senior notes, warrants and ESPP purchase options are antidilutive in the periods presented (in thousands):

	Three Months Ended March 31,	
	2017	2016
Weighted average number of stock options	5,112	4,324
Weighted average number of RSUs	353	205
Conversion premium on the 2019 Notes	1,624	2,749
Weighted average number of warrants	—	3
Weighted average ESPP purchase options	38	23
Total	7,127	7,304

NOTE 11—INCOME TAXES

Income (loss) before income taxes is as follows (in thousands):

	Three Months Ended March 31,	
	2017	2016
Loss before income taxes:		
Domestic	$ (19,320)	$ (3,499)
Foreign	(516)	(323)
Total loss before income taxes	$ (19,836)	$ (3,822)

The Company recorded income tax expense of less than $0.1 million in both the three months ended March 31, 2017 and 2016. The provision for income taxes is recorded based upon the best current estimate of the Company's annual effective tax rate, or AETR. Generally, the AETR is the result of a mix of profits and losses the Company and its subsidiaries earn in multiple tax jurisdictions with different income tax rates. For both the three months ended March 31, 2017 and 2016, the Company determined that its actual year-to-date rate was the best estimate of its AETR. The tax provisions reflect current state income taxes. Due to net losses in both periods presented, no current federal income tax expense was recorded. Due to the fact that the Company's deferred tax assets are fully offset by a valuation allowance, the tax provisions do not reflect deferred tax expenses.

During the three months ended March 31, 2017, the Company established a deferred tax liability of $26.5 million with an offset to additional paid-in capital resulting from the conversion feature of the 2022 Notes. The initial difference between the book value of convertible debt issued with a beneficial conversion feature and its tax basis is a temporary difference. The net effect of the deferred tax liability recorded to additional paid-in capital was zero because the Company has a full valuation allowance against its net deferred tax assets.

NOTE 12—COMMITMENTS AND CONTINGENCIES

Leases

The Company's leases for its research and development, manufacturing and warehouse facilities in San Diego, California expire in August 2020 and its lease for its corporate headquarters in Parsippany, New Jersey expires in March 2028.

As of March 31, 2017, aggregate annual minimum payments due under the Company's lease obligations are as follows (in thousands):

Year	Aggregate Minimum Payments
2017 (remaining nine months)	$ 5,925
2018	8,063
2019	8,272
2020	6,389
2021	1,207
2022 through 2028	7,545
Total	$ 37,401

Litigation

From time to time, the Company has been and may again become involved in legal proceedings arising in the ordinary course of its business, including those related to patents, product liability and government investigations. Except as described below, the Company is not presently a party to any litigation which it believes to be material, and is not aware of any pending or threatened litigation against the Company which it believes could have a material adverse effect on its business, operating results, financial condition or cash flows.

In April 2015, the Company received a subpoena from the U.S. Department of Justice, U.S. Attorney's Office for the District of New Jersey, requiring the production of a broad range of documents pertaining to marketing and promotional practices related to EXPAREL. The Company is cooperating with the government's inquiry. The Company can make no assurances as to the time or resources that will need to be devoted to this inquiry or its final outcome, or the impact, if any, of this inquiry or any proceedings on its business, financial condition, results of operations and cash flows.

NOTE 13—COMMERCIAL PARTNERS AND OTHER AGREEMENTS

DePuy Synthes Sales, Inc.

In January 2017, the Company announced the initiation of a Co-Promotion Agreement, or the Agreement, with DePuy Synthes Sales, Inc., or DePuy Synthes, part of the Johnson & Johnson family of companies, to market and promote the use of EXPAREL for orthopedic procedures in the United States. DePuy Synthes field representatives, specializing in joint reconstruction, spine, sports medicine and trauma, will collaborate with, and supplement, the Company's field teams by expanding the reach and frequency of EXPAREL education in the hospital surgical suite and ambulatory surgery center settings.

Under the five-year arrangement, DePuy Synthes will be the exclusive third-party distributor during the term of the Agreement to promote and sell EXPAREL for operating room use for orthopedic and spine surgeries (including knee, hip, shoulder, sports and trauma surgeries) in the United States. DePuy Synthes is entitled to a tiered commission ranging from low single-digits to double-digits on sales of EXPAREL under the Agreement, subject to conditions, limitations and adjustments.

The initial term of the Agreement commenced on January 24, 2017 and ends on December 31, 2021, with the option to extend the Agreement an additional 12 month increments upon mutual agreement of the parties, subject to certain conditions.

The Company and DePuy Synthes have mutual termination rights under the Agreement, subject to certain terms, conditions and advance notice requirements, provided that the Company or DePuy Synthes generally may not terminate the Agreement, without cause, within three years of the effective date of the Agreement. The Company also has additional unilateral termination rights under certain circumstances. The Agreement contains customary representations, warranties, covenants and confidentiality provisions, and also contains mutual indemnification obligations. DePuy Synthes is also subject to certain obligations and restrictions, including required compliance with certain laws and regulations and the Company's policies, in connection with fulfilling their obligations under the Agreement.

CrossLink BioScience, LLC

In October 2013, the Company and CrossLink BioScience, LLC, or CrossLink, commenced a five-year arrangement for the promotion and sale of EXPAREL, pursuant to the terms of a Master Distributor Agreement (as amended, the "Agreement"). On June 30, 2016, the Company provided notice to CrossLink electing to terminate the Agreement effective as of September 30, 2016. In connection with the termination of the Agreement, a termination fee based on a percentage of earned performance-based fees is due to CrossLink. This fee of $7.1 million is payable to CrossLink quarterly over two years beginning in the fourth quarter of 2016, and was recorded in selling, general and administrative expense in the consolidated statements of operations. At March 31, 2017, $3.5 million is classified in accrued expenses and $1.2 million is classified in other liabilities, consistent with the contractual timing of payments.

Item 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

This Quarterly Report on Form 10-Q and certain other communications made by us contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including statements about our growth and future operating results, discovery and development of products, strategic alliances and intellectual property. For this purpose, any statement that is not a statement of historical fact should be considered a forward-looking statement. We often use the words "believe," "anticipate," "plan," "expect," "intend," "may," and similar expressions to help identify forward-looking statements. We cannot assure you that our estimates, assumptions and expectations will prove to have been correct. These forward-looking statements include, among others, statements about: the success of our sales and manufacturing efforts in support of the commercialization of EXPAREL®(bupivacaine liposome injectable suspension) and our other products; the rate and degree of market acceptance of EXPAREL; the size and growth of the potential markets for EXPAREL and our ability to serve those markets; the Company's plans to expand the use of EXPAREL to additional indications and opportunities, and the timing and success of any related clinical trials; the related timing and success of United States Food and Drug Administration, or FDA, supplemental New Drug Applications, or sNDA; the outcome of the U.S. Department of Justice, or DOJ, inquiry; the Company's plans to evaluate, develop and pursue additional DepoFoam®-based product candidates; clinical trials in support of an existing or potential DepoFoam-based product; the Company's plans to continue to manufacture and provide support services for its commercial partners who have licensed DepoCyt(e); our commercialization and marketing capabilities and the ability of the Company and Patheon UK Limited, or Patheon, to successfully and timely construct dedicated EXPAREL manufacturing suites. Important factors could cause our actual results to differ materially from those indicated or implied by forward-looking statements. We undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and readers should not rely on the forward-looking statements as representing the Company's views as of any date subsequent to the date of the filing of this Quarterly Report on Form 10-Q.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these statements. These factors include items mentioned herein and the matters discussed and referenced in Part I-Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2016 and in other reports as filed with the Securities and Exchange Commission, or SEC.

Unless the context requires otherwise, references to "Pacira," "we," the "Company," "us" and "our" in this Quarterly Report on Form 10-Q refer to Pacira Pharmaceuticals, Inc. and its subsidiaries. In addition, references in this Quarterly Report on Form 10-Q to DepoCyt(e) mean DepoCyt® when discussed in the context of the United States and Canada and DepoCyte® when discussed in the context of Europe.

Overview

We are a specialty pharmaceutical company committed to driving innovation in postsurgical pain management with opioid-sparing strategies. Our product pipeline is based on our proprietary DepoFoam extended release drug delivery technology, for use primarily in hospitals and ambulatory surgery centers. As of March 31, 2017, our commercial stage products are EXPAREL and DepoCyt(e):

- EXPAREL is a liposome injection of bupivacaine, an amide-type local anesthetic indicated for single-dose administration into the surgical site to produce postsurgical analgesia. EXPAREL was approved by the FDA in October 2011 and commercially launched in April 2012. We drop-ship EXPAREL directly to the end-user based on orders placed to wholesalers or directly to us, and we have no product held by wholesalers.

- DepoCyt(e) is a sustained release liposomal formulation of the chemotherapeutic agent cytarabine and is indicated for the intrathecal treatment of lymphomatous meningitis. DepoCyt(e) was granted accelerated approval by the FDA in 1999 and full approval in 2007. We sell DepoCyt(e) to our commercial partners located in the United States, or US, and Europe.

We expect to continue to incur significant expenses as we further commercialize EXPAREL; pursue expanded uses of EXPAREL in additional indications and opportunities; advance the development of DepoFoam-based product candidates, such as DepoMeloxicam and DepoTranexamic Acid; seek FDA approval for our product candidates that successfully complete clinical trials; develop our sales force and marketing capabilities to prepare for their commercial launch; expand and enhance our manufacturing capacity for EXPAREL; and support regulatory and legal matters.

Recent Highlights and Developments

- Total revenues increased $3.8 million, or 6%, in the three months ended March 31, 2017, compared to the same period in 2016, primarily driven by EXPAREL net product sales of $67.7 million, which were up $3.9 million, or 6% versus the same period in 2016.

- In March 2017, we completed a private offering of $345.0 million of 2.375% convertible senior notes due 2022, or 2022 Notes. The net proceeds from the issuance of the 2022 Notes were approximately $334.0 million. The 2022 Notes accrue interest at a rate of 2.375% per year. We used a portion of the proceeds from the 2022 Notes to retire $117.7 million of our 3.25% convertible senior notes due 2019, or 2019 Notes. See Note 6, *Debt*, to our consolidated financial statements included herein for further information related to these transactions.

- In March 2017, we launched a collaboration with Trinity Health focused on developing standardized procedure-specific enhanced recovery protocols and pain protocols that will include using opioid alternatives when appropriate. The two organizations will also develop physician- and patient-facing educational materials and generate data to track progress.

- In March 2017, we announced that our Phase 4 study of EXPAREL in patients undergoing total knee arthroplasty, or TKA, achieved statistical significance for its co-primary endpoints of opioid reduction (p=0.0048) and postsurgical pain control (p=0.0381). EXPAREL also achieved statistical significance for key secondary endpoints, including time to first opioid use and the percentage of patients who did not require any opioids to treat their postsurgical pain. The trial compared EXPAREL-based local analgesia infiltration to standard bupivacaine-based local analgesia infiltration, each as part of a standard multi-modal analgesic protocol. The results from the study will be submitted as a series of publications in peer-reviewed medical literature.

- In March 2017, the US Patent and Trademark Office issued US Patent 9,585,838. The claims of the patent related to the production of multivesicular liposomes. This is the third EXPAREL patent listed in the FDA's Orange Book. The patent expiration date is December 24, 2021.

- In January 2017, we entered into a co-promotion agreement with DePuy Synthes Sales, Inc., or DePuy Synthes, part of the Johnson & Johnson family of companies, to support promotion, education and training for EXPAREL in orthopedic procedures. DePuy Synthes field representatives, specializing in joint reconstruction, spine, sports medicine and trauma, will play the lead commercial role in the hospital surgical suite and ambulatory surgery center settings. The Pacira team will focus on soft tissue surgeons in key specialties and anesthesiologists, and continue to act as the overall EXPAREL account manager.

EXPAREL

We are investing in a series of blinded, randomized, bupivacaine-comparator Phase 4 trials in key surgical procedures. These trials are designed to assess the differences in postsurgical pain and opioid use between patients receiving EXPAREL as the foundation of a multimodal analgesic regimen versus a bupivacaine-based multimodal analgesic regimen. Our Phase 4 trials are also designed to support clinician education on procedure-specific best-practice care.

As noted above, we recently announced top-line data from a Phase 4 trial in TKA. We are also advancing a Phase 4 trial of EXPAREL for postsurgical pain management in patients undergoing spinal fusion surgery, and we expect to report top-line data in the second half of 2017.

In 2017, we plan to initiate a series of Phase 4 trials with EXPAREL added to the standard of care for soft tissue procedures. We are currently selecting sites for a clinical trial evaluating EXPAREL plus bupivacaine infiltration into the transversus abdominis plane versus bupivacaine alone for patients undergoing a cesarean section. We are also planning to initiate a colectomy trial and a breast reconstruction trial. These trials will evaluate opioid use and postsurgical pain control, as well as a number of additional efficacy, safety and health economic outcomes.

In the first quarter of 2016, we initiated two pivotal Phase 3 nerve block trials comparing the effect of EXPAREL versus placebo through a femoral nerve block trial for TKA and a brachial plexus block trial for total shoulder arthroplasty or rotator cuff repair procedures. We believe that this new indication will present an alternative long-term method of pain control with a single injection, replacing the costly and cumbersome standard of care requiring a perineural catheter, drug reservoir and pump needed to continuously deliver bupivacaine.

If our trials are successful, we intend to file a supplemental New Drug Application, or sNDA, for nerve block in the middle of 2017 for a six-month Prescription Drug User Fee Act, or PDUFA, review. We believe that this additional indication for EXPAREL will allow us to fully leverage our manufacturing and commercial infrastructure.

Product Pipeline

DepoFoam is used to extend the release of active drug substances. With this technology, we are currently developing two new DepoFoam-based product candidates—DepoMeloxicam, or DepoMLX, a non-steroidal anti-inflammatory drug, or NSAID, and DepoTranexamic Acid, or DepoTXA, an antifibrinolytic. Completion of clinical trials may take several years or more. The length of time generally varies according to the type, complexity, novelty and intended use of a product candidate. We are also evaluating other potential DepoFoam products as pipeline candidates.

DepoTranexamic Acid

Tranexamic Acid, or TXA, is currently used off-label as a systemic injection or as a topical application, and is used to treat or prevent excessive blood loss during surgery by preventing the breakdown of a clot. However, the current formulation of TXA has a short-lived effect consisting of only a few hours, while the risk of bleeding continues for two to three days after surgery. We believe DepoTXA, a long-acting local antifibrinolytic agent combining immediate and extended release TXA, could address the unmet, increasing need for rapid ambulation and discharge in the ambulatory surgery environment for joint surgery (primarily orthopedic surgery, including spine and trauma procedures and cardiothoracic surgery). Designed for single-dose local administration into the surgical site, DepoTXA could provide enhanced hemostabilization and improved safety and tolerability for patients over the systemic use of TXA by reducing bleeding, the need for blood transfusions, swelling, soft tissue hematomas and the need for post-operative drains, thereby increasing vigor in patients while decreasing overall costs to the hospital system.

DepoTXA is currently in Phase 2 clinical development.

DepoMeloxicam

Our preclinical product candidate, DepoMLX, is a long-acting NSAID, designed to treat moderate to severe acute postsurgical pain as part of a non-opioid multimodal regimen. A product designed for single-dose local administration such as DepoMLX could provide a longer duration of pain relief at a significantly lower concentration of systemic NSAIDs, which are known to cause dose-dependent gastrointestinal side effects. Meloxicam, which is currently available as an oral formulation, is a commonly used NSAID on the market today. We expect our customer audience for this drug to be similar to the target for EXPAREL infiltration.

We expect to submit an Investigational New Drug application and subsequently initiate a Phase 1 clinical trial of DepoMLX in 2017.

Results of Operations

Comparison of the Three Months Ended March 31, 2017 and 2016

Revenues

Our net product sales include sales of EXPAREL in the United States and DepoCyt(e) in the United States and Europe. We also earn royalties based on sales by commercial partners of DepoCyt(e) and license fees and milestone payments from third parties.

The following table provides information regarding our revenues during the periods indicated, including percent changes (dollars in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2017	2016	
Net product sales:			
EXPAREL	$ 67,701	$ 63,752	6%
DepoCyt(e) and other product sales	724	750	(3)%
Total net product sales	68,425	64,502	6%
Collaborative licensing and milestone revenue	206	356	(42)%
Royalty revenue	652	616	6%
Total revenues	$ 69,283	$ 65,474	6%

EXPAREL revenue grew 6% in the three months ended March 31, 2017, compared to the same period in 2016, primarily due to an increase in sales volume. The demand for EXPAREL has continued as a result of new accounts and growth within existing accounts, which has been driven by continued adoption of EXPAREL use in soft tissue and orthopedic procedures.

DepoCyt(e) and other product sales remained fairly consistent in the three months ended March 31, 2017, compared to the same period in 2016.

Collaborative licensing and milestone revenue decreased 42% in the three months ended March 31, 2017, compared to the same period in 2016, due to the January 2017 expiration of a development and licensing agreement with Amylin Pharmaceuticals, Inc. and the cessation of recognizing the remaining deferred revenue.

Royalty revenue primarily reflects royalties earned on collections of end-user sales of DepoCyt(e) by our commercial partners.

Cost of Goods Sold

Cost of goods sold primarily relates to the costs to produce, package and deliver our products to customers. These expenses include labor, raw materials, manufacturing overhead and occupancy costs, depreciation of facilities, royalty payments, quality control and engineering.

The following table provides information regarding our cost of goods sold and gross margin during the periods indicated, including percent changes (dollar amounts in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2017	2016	
Cost of goods sold	$ 24,581	$ 20,278	21%
Gross margin	65%	69%	

The 4 percentage point decrease in gross margins for the three months ended March 31, 2017 versus 2016 was primarily due to scrapped lots, primarily relating to DepoCyt(e), manufactured in the first quarter of 2017 impacting gross margin by 2 percentage points. In addition, gross margins decreased 2 percentage points as a result of higher manufacturing costs per vial. For the three months ended March 31, 2016, the inventory sold had a lower manufacturing cost per vial due to increased utilization of our facilities to manufacture EXPAREL at the time of production. A shift to utilizing a portion of our manufacturing lines at our Science Center Campus in San Diego, California to support new pipeline product development opportunities has also increased the EXPAREL manufacturing cost per vial due to higher fixed costs per unit.

Research and Development Expenses

Research and development expenses consist primarily of costs related to clinical trials and related outside services, product development and other research and development costs and stock-based compensation expenses. Clinical development expenses include costs for clinical personnel, clinical trials performed by third-party contract research organizations, materials and supplies, database management and other third-party fees. Product development and other research and development expenses include development costs for our products and medical information expenses, which include personnel, equipment, materials and contractor costs for both new process development and new product candidates, toxicology studies and facility

costs for our research space. Stock-based compensation expense relates to the costs of stock option grants to employees and non-employees, awards of restricted stock units, or RSUs, and our employee stock purchase plan, or ESPP.

The following table provides information regarding our research and development expenses during the periods indicated, including percent changes (dollar amounts in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2017	2016	
Clinical development	$ 10,763	$ 4,335	148%
Product development and other	5,211	4,265	22%
Stock-based compensation	658	893	(26)%
Total research and development expense	$ 16,632	$ 9,493	75%
% of total revenues	24%	14%	

Research and development expense increased 75% in the three months ended March 31, 2017 compared to the same period in 2016, primarily due to a $6.4 million increase in clinical development expenses and a $0.9 million increase in product development and other expenses. The increase in clinical development expense reflects costs for our two ongoing nerve block trials, including a femoral nerve block in subjects undergoing TKA and a brachial plexus block in patients undergoing total shoulder arthroplasty or rotator cuff repair, both of which commenced enrollment in the second quarter of 2016. Also included are costs for our EXPAREL infiltration TKA trial, which commenced enrollment in May 2016 and concluded in January 2017, as well as two new infiltration trials, including our Spine and Spine Pharmacokinetic trials.

Product development and other expenses increased $0.9 million in the three months ended March 31, 2017 compared to the same period in 2016, primarily due to expenses for investigational runs and the development of a new analytical test for an EXPAREL stability testing attribute, along with scale-up expenses related to the expansion of our manufacturing capacity in Swindon, England. These increases were partially offset by a reduction in spend for preclinical DepoFoam toxicology trials.

In the three months ended March 31, 2017 versus 2016, stock-based compensation decreased $0.2 million as additional expense from awards made in 2016 were more than offset by the decreased expense on mark-to-market non-employee awards that were fully vested in mid-2016.

Selling, General and Administrative Expenses

Sales and marketing expenses primarily consist of compensation and benefits for our sales force and personnel that support our sales, marketing, and medical and scientific affairs operations, commission payments to our commercial partners for the promotion and sale of EXPAREL, expenses related to communicating the health outcome benefits of EXPAREL and educational programs for our customers. General and administrative expenses consist of compensation and benefits for legal, finance, regulatory, compliance, information technology, human resources, business development, executive management and other supporting personnel. It also includes professional fees for legal, audit, tax and consulting services. Stock-based compensation expense relates to the costs of stock option grants, RSU awards and our ESPP.

The following table provides information regarding our selling, general and administrative expenses during the periods indicated, including percent changes (dollar amounts in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2017	2016	
Sales and marketing	$ 25,176	$ 20,338	24%
General and administrative	11,577	11,571	—%
Stock-based compensation	5,367	6,048	(11)%
Total selling, general and administrative expenses	$ 42,120	$ 37,957	11%
% of total revenues	61%	58%	

Selling, general and administrative expenses increased 11% in the three months ended March 31, 2017, compared to the same period in 2016.

Sales and marketing expenses increased by 24% in the three months ended March 31, 2017 versus the same period in 2016, primarily due to an increase in the number of our field-based hospital sales specialists and commercial personnel to better support and educate our customers, resulting in a $2.2 million increase in salaries, benefits and other personnel-related costs. We also had a $2.6 million increase in marketing spending for EXPAREL, which included educational initiatives and programs to create product awareness among key orthopedic and soft tissue surgical markets, along with other selling initiatives and promotional activities to support the growth of EXPAREL. Included in the increased spending for EXPAREL was support for multiple educational programs around the impact of opioids and postsurgical pain management and our virtual reality educational program to demonstrate proper EXPAREL infiltration technique in TKA procedures. Costs related to our co-promotion agreement with DePuy Synthes in the first quarter of 2017 were offset by costs in the first quarter of 2016 from our master distribution agreement with CrossLink BioScience, LLC, which was terminated in June 2016.

General and administrative expenses were flat in the three months ended March 31, 2017 versus 2016. Increases in compensation-related expenses were $1.0 million, primarily to support our finance, human resources and business development functions. Business development costs increased an additional $0.5 million to support our strategic initiatives, including our recently executed co-promotion agreement with DePuy Synthes. Regulatory costs increased $0.4 million in preparation for a European Medicines Agency Marketing Authorization Application for EXPAREL for commercialization in the European Union. These increases were offset by lower legal and compliance expenses of $2.2 million, primarily related to a DOJ subpoena received in April 2015 with related costs continuing into early 2016.

Stock-based compensation decreased $0.7 million in the three month period ended March 31, 2017, compared to the same period in 2016, primarily due to lower grant-date fair values of equity awards issued during 2016 versus previous grants. Additionally, a significant number of awards became fully vested in the first half of 2016.

Other Income (Expense)

The following table provides the components of other income (expense) during the periods indicated, including percent changes (dollar amounts in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2017	2016	
Interest income	$ 514	$ 252	104%
Interest expense	(2,589)	(1,868)	39%
Loss on early extinguishment of debt	(3,721)	—	N/A
Other, net	10	48	(79)%
Total other expense, net	$ (5,786)	$ (1,568)	269%

Total other expense, net increased by 269% in the three months ended March 31, 2017 compared to the same period in 2016, almost entirely due to the March 2017 issuance of the 2022 Notes and concurrent repurchase of the 2019 Notes, which resulted in a $3.7 million loss on early extinguishment of debt. The increase in interest expense of $0.7 million relates to the issuance of the 2022 Notes, as does the increase in interest income of $0.3 million as the result of additional investments.

Income Tax Expense

The following table provides information regarding our income tax expense during the periods indicated, including percent changes (dollar amounts in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2017	2016	
Income tax expense	$ 30	$ 32	(6)%
Effective tax rate	0%	(1)%	

Since our deferred tax assets are fully offset by a valuation allowance, our total income tax expense includes only current state taxes. The effective tax rates of 0% and (1)% for the three months ended March 31, 2017 and 2016, respectively, reflect state income taxes.

Liquidity and Capital Resources

Since our inception in December 2006, we have devoted most of our cash resources to manufacturing, research and development and selling, general and administrative activities related to the development and commercialization of EXPAREL. We are highly dependent on the commercial success of EXPAREL, which we launched in April 2012. We have financed our operations primarily with cash generated from product sales, the proceeds from the sale of equity and debt securities, borrowings under debt facilities and collaborative licensing and milestone revenue. As of March 31, 2017, we had an accumulated deficit of $366.4 million, cash and cash equivalents and short-term investments of $383.7 million and working capital of $402.3 million.

Summary of Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for the periods indicated (in thousands):

	Three Months Ended March 31,	
Consolidated Statement of Cash Flows Data:	**2017**	**2016**
Net cash provided by (used in):		
Operating activities	$ 6	$ (3,121)
Investing activities	(143,836)	(21,875)
Financing activities	216,856	3,041
Net increase (decrease) in cash and cash equivalents	$ 73,026	$ (21,955)

Operating Activities

During the three months ended March 31, 2017, our net cash provided by operating activities was less than $0.1 million. Our operating loss of $19.9 million was largely offset by non-cash expenses of $15.9 million, including a $3.7 million loss on early extinguishment of debt, $7.4 million of stock-based compensation, and $4.7 million of depreciation and amortization expense. Net changes in our operating assets and liabilities provided $3.9 million of funds, including a $3.7 million reduction in prepaid expenditures as patient enrollment in our two ongoing EXPAREL Phase 3 nerve block trials increased.

During the three months ended March 31, 2016, our net cash used in operating activities was $3.1 million, which was in line with our $3.9 million operating loss. Our operating loss was in part driven by increased expenditures for research and development and legal costs related to the DOJ inquiry. Non-cash expenses of $12.8 million, including stock-based compensation, depreciation and amortization expenses, which offset the operating loss, were largely offset by $12.1 million of investments in working capital including $6.2 million to pay down accounts payable and accrued expenses, $2.1 million invested in inventory and $2.1 million to prepay certain payroll related expenses.

Investing Activities

During the three months ended March 31, 2017, our net cash used in investing activities was $143.8 million, which reflected $138.1 million of short-term investment purchases (net of maturities) primarily from the net proceeds of the 2022 Notes, purchases of fixed assets of $3.6 million and contingent consideration payments of $2.1 million related to the March 2007 acquisition of Skyepharma Holding, Inc., or Skyepharma. Major fixed asset purchases included continuing expenditures for expanding our EXPAREL manufacturing capacity in Swindon, England in partnership with Patheon and facility upgrades at our Science Center Campus in San Diego, California.

During the three months ended March 31, 2016, our net cash used in investing activities was $21.9 million, which reflected $12.9 million of short-term investment purchases (net of maturities), purchases of fixed assets of $7.1 million and contingent consideration payments of $1.9 million related to the acquisition of Skyepharma. Major fixed asset purchases included continuing expenditures for expanding our manufacturing capacity in Swindon, England in partnership with Patheon and the completion of our new research facility at our Science Center Campus in San Diego, California.

Financing Activities

During the three months ended March 31, 2017, our net cash provided by financing activities was $216.9 million, which consisted of proceeds from the issuance of the 2022 Notes of $345.0 million, partially offset by approximately $11.0 million of

debt issuance and financing costs. In addition, a portion of the proceeds from the 2022 Notes was used to retire $117.7 million in principal of the 2019 Notes and for $0.3 million in related costs. Proceeds from the exercise of stock options were $0.9 million.

Net cash provided by financing activities consisted of proceeds from the exercise of stock options of $3.0 million in the three months ended March 31, 2016.

2022 Convertible Senior Notes

On March 13, 2017, we completed a private placement of $345.0 million in aggregate principal amount, 2.375% convertible senior notes due 2022, or 2022 Notes, and entered into an indenture agreement, or 2022 Indenture, with respect to the 2022 Notes. The 2022 Notes accrue interest at a fixed rate of 2.375% per annum, payable semiannually in arrears on April 1 and October 1 of each year, beginning on October 1, 2017. The 2022 Notes mature on April 1, 2022. At March 31, 2017, the outstanding principal on the 2022 Notes was $345.0 million.

On or after October 1, 2021, until the close of business on the second scheduled trading day immediately preceding April 1, 2022, holders may convert their 2022 Notes at any time. Upon conversion, holders will receive the principal amount of their 2022 Notes and any excess conversion value. For both the principal and excess conversion value, holders may receive cash, shares of our common stock or a combination of cash and shares of our common stock, at our option. The initial conversion rate for the 2022 Notes is 14.9491 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of approximately $66.89 per share of our common stock. The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest.

Prior to the close of business on the the business day immediately preceding October 1, 2021, holders may convert the 2022 Notes under certain circumstances, including if during any given calendar quarter, our stock price closes at or above 130% of the conversion price then applicable during a period of at least 20 out of the last 30 consecutive trading days of the previous quarter.

While the 2022 Notes are currently classified on our consolidated balance sheet at March 31, 2017 as long-term debt, the future convertibility and resulting balance sheet classification of this liability will be monitored at each quarterly reporting date and will be analyzed dependent upon market prices of our common stock during the prescribed measurement periods. In the event that the holders of the 2022 Notes have the election to convert the 2022 Notes at any time during the prescribed measurement period, the 2022 Notes would then be considered a current obligation and classified as such.

Prior to April 1, 2020, we may not redeem the 2022 Notes. On or after April 1, 2020, we may redeem for cash all or part of the 2022 Notes if the last reported sale price (as defined in the 2022 Indenture) of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period ending within five trading days prior to the date on which we provide notice of redemption.

See Note 6, *Debt*, to our consolidated financial statements included herein for further discussion of the 2022 Notes.

2019 Convertible Senior Notes

On January 23, 2013, we completed a private offering of $120.0 million in aggregate principal, 3.25% convertible senior notes due 2019, or 2019 Notes and entered into an indenture agreement, or 2019 Indenture, with respect to the 2019 Notes. The 2019 Notes accrue interest at a rate of 3.25% per annum, payable semiannually in arrears on February 1 and August 1 of each year, and mature on February 1, 2019. As of March 31, 2017, the outstanding principal on the 2019 Notes was $0.8 million, as we used part of the net proceeds from the issuance of the 2022 Notes discussed above to repurchase $117.7 million aggregate principal of the 2019 Notes in privately-negotiated transactions for an aggregate of approximately $118.2 million in cash and the issuance of an aggregate of approximately 2.5 million shares of our common stock.

On or after August 1, 2018, until the close of business on the second scheduled trading day immediately preceding February 1, 2019, holders may convert their 2019 Notes at any time. Upon conversion, holders will receive cash up to the principal amount of the 2019 Notes and, with respect to any excess conversion value, may receive cash, shares of our common stock or a combination of cash and shares of our common stock, at our option. The conversion rate for the 2019 Notes is initially 40.2945 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of approximately $24.82 per share of our common stock. The conversion rate will be subject to adjustment for some events (as outlined in the 2019 Indenture), but will not be adjusted for any accrued and unpaid interest. Additionally, during any given calendar quarter, the holders have the right to convert if our stock price closes at or above 130% of the conversion price then

applicable (the "Consecutive Sales Price") during a period of at least 20 out of the last 30 consecutive trading days of the previous quarter.

During the three months ended March 31, 2017, the requirements with respect to the Consecutive Sales Price were met and, as a result, the 2019 Notes are classified as a current obligation and are convertible at any time during the quarter ended June 30, 2017. The future convertibility and resulting balance sheet classification of the 2019 Notes will be monitored on a quarterly basis. Prior to August 1, 2017, in the event such requirements are not met in a given quarter, the 2019 Notes would be reclassified as a long-term liability. In the event of conversion, holders would forgo all future interest payments, any unpaid accrued interest and the possibility of further stock price appreciation. In the event that all of the 2019 Notes are converted, we would be required to repay the $0.8 million in principal value in cash and approximately $0.7 million of cash or issue less than 0.1 million shares of our common stock (or a combination of cash and shares of our common stock at our option) to settle the conversion premium as of March 31, 2017.

As of February 1, 2017, we may redeem for cash all or part of the 2019 Notes if the last reported sale price (as defined in the 2019 Indenture) of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period, ending within five trading days prior to the date on which we provide notice of redemption. If we decide to call the 2019 Notes, we currently intend, subject to market conditions and the trading price of our common stock, to provide holders of the 2019 Notes with the maximum 60 day redemption notice provided for in the 2019 Indenture.

See Note 6, *Debt*, to our consolidated financial statements included herein for further discussion of the 2019 Notes.

Future Capital Requirements

We believe that our existing cash and cash equivalents, short-term investments and cash received from product sales will be sufficient to enable us to fund our operating expenses, capital expenditure requirements, payment of the principal on any conversions of the 2022 Notes and 2019 Notes and to service our indebtedness through May 4, 2018. Our future use of operating cash and capital requirements will depend on many forward-looking factors, including, but not limited to, the following:

- our ability to successfully continue to expand the commercialization of EXPAREL;
- the cost and timing of expanding our manufacturing facilities for EXPAREL and our other product candidates, including costs associated with certain technical transfer activities and the construction of manufacturing suites at Patheon's Swindon, England facility;
- the timing of and extent to which the holders of our 2022 Notes elect to convert their notes;
- the cost and timing of potential milestone payments to Skyepharma, which could be up to an aggregate of $36.0 million if certain milestones pertaining to net sales of DepoBupivacaine products, including EXPAREL, are met;
- costs related to legal and regulatory issues;
- the costs of performing additional clinical trials for EXPAREL, including the pediatric trials required by the FDA as a condition of approval, and costs of development for our other product candidates; and
- the extent to which we acquire or invest in products, businesses and technologies.

We may require additional debt or equity financing to meet our future operating and capital requirements. We have no committed external sources of funds, and additional equity or debt financing may not be available on acceptable terms, if at all.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements as of March 31, 2017, except for operating leases, nor do we have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities. None of our operating leases have, or are reasonably likely to have, a current or future material effect on our financial condition or changes in financial condition.

Critical Accounting Policies and Use of Estimates

See Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements included herein for a discussion of recently issued accounting pronouncements and their impact or future potential impact on our financial results, if determinable. For a description of critical accounting policies that affect our significant judgments and estimates used in the

preparation of our consolidated financial statements, refer to our most recent Annual Report on Form 10-K for the year ended December 31, 2016.

Revenue Recognition

Our principal sources of revenue include (i) sales of EXPAREL in the United States, (ii) sales of DepoCyt(e) to our commercial partners within the United States and Europe, (iii) royalties based on sales by commercial partners of DepoCyt(e) and (iv) license fees and milestone payments. We recognize revenue when there is persuasive evidence that an arrangement exists, title has passed, collection is reasonably assured and the price is fixed or determinable.

Net Product Sales

We sell EXPAREL through a drop-ship program under which orders are processed through wholesalers based on orders of the product placed by end-users which include hospitals, ambulatory surgery centers and doctors. EXPAREL is delivered directly to the end-user without the wholesaler ever taking physical possession of the product. We record revenue at the time the product is delivered to the end-user. We also recognize revenue from products manufactured and supplied to commercial partners, such as DepoCyt(e), upon shipment. Prior to the shipment of manufactured products, we conduct initial product release and stability testing in accordance with the FDA's current Good Manufacturing Practices.

Revenues from sales of products are recorded net of returns allowances, prompt payment discounts, wholesaler service fees and volume rebates and chargebacks. The calculation of some of these items requires management to make estimates based on sales data, contracts, inventory data and other related information that may become known in the future. We review the adequacy of our provisions on a quarterly basis.

Returns Allowances

We allow customers to return product that is damaged or received in error. In addition, we allow EXPAREL to be returned beginning six months prior to, and twelve months following, product expiration. We estimate our sales returns reserve based on our historical return rates, which we believe is the best estimate of the anticipated product to be returned. The returns reserve is recorded at the time of sale as a reduction to gross product sales and an increase in accrued expenses.

Our commercial partners can return DepoCyt(e) within contractually specified timeframes if the product does not meet the applicable inspection tests. We estimate our returns reserves based on our experience with historical return rates. Historically, our DepoCyt(e) returns have not been material.

Prompt Payment Discounts

The prompt payment reserve is based upon discounts offered to wholesalers as an incentive to meet certain payment terms. We accrue discounts to wholesalers based on contractual terms of agreements and historical experience. We account for these discounts at the time of sale as a reduction to gross product sales and a reduction to accounts receivable.

Wholesaler Service Fees

Our customers include major and regional wholesalers with whom we have contracted a fee for service based on a percentage of gross product sales. This fee for service is recorded as a reduction to gross product sales and an increase to accrued expenses at the time of sale, and is recorded based on the contracted percentage.

Volume Rebates and Chargebacks

Volume rebates and chargeback reserves are based upon contracted discounts and promotional offers we provide to certain end-users such as members of group purchasing organizations. Volume rebates are recorded at the time of sale as a reduction to gross product sales and an increase in accrued expenses. Chargeback reserves are recorded at the time of sale as a reduction to gross product sales and a reduction to accounts receivable.

The following tables provide a summary of activity with respect to our sales related allowances and accruals for the three months ended March 31, 2017 and 2016 (in thousands):

March 31, 2017	Returns Allowances	Prompt Payment Discounts	Wholesaler Service Fees	Volume Rebates and Chargebacks	Total
Balance at December 31, 2016	$ 1,346	$ 595	$ 735	$ 1,124	$ 3,800
Provision	178	1,394	1,053	895	3,520
Payments/Credits	(274)	(1,436)	(1,202)	(968)	(3,880)
Balance at March 31, 2017	$ 1,250	$ 553	$ 586	$ 1,051	$ 3,440

March 31, 2016	Returns Allowances	Prompt Payment Discounts	Wholesaler Service Fees	Volume Rebates and Chargebacks	Total
Balance at December 31, 2015	$ 1,733	$ 625	$ 745	$ 797	$ 3,900
Provision	166	1,302	982	418	2,868
Payments/Credits	(289)	(1,412)	(1,195)	(601)	(3,497)
Balance at March 31, 2016	$ 1,610	$ 515	$ 532	$ 614	$ 3,271

Total reductions of gross product sales from sales-related allowances and accruals were $3.5 million and $2.9 million, or 4.9% and 4.3% of gross product sales for the three months ended March 31, 2017 and 2016, respectively. The overall increase in sales-related allowances and accruals was directly related to the increase in EXPAREL sales. The increase in the percentage of sales-related allowances and accruals for the three months ended March 31, 2017 was primarily related to an increase in volume related rebates.

Contractual Obligations

In April 2014, we and Patheon entered into a Strategic Co-Production Agreement and Technical Transfer and Service Agreement to collaborate in the manufacture of EXPAREL. Under the terms of the Technical Transfer and Service Agreement, Patheon has agreed to undertake certain technical transfer activities and construction services needed to prepare its Swindon, England facility for the manufacture of EXPAREL in two dedicated manufacturing suites. Upon an early termination of this agreement (other than termination by us in the event that Patheon does not meet the construction and manufacturing milestones or for a breach by Patheon), we will pay for the make good costs occasioned by the removal of our manufacturing equipment and for Patheon's termination costs.

In January 2017, we announced the initiation of a Co-Promotion Agreement with DePuy Synthes to market and promote the use of EXPAREL for orthopedic procedures in the United States. Under the five-year arrangement, DePuy Synthes will be the exclusive third-party distributor to promote and sell EXPAREL for operating room use for orthopedic and spine surgeries (including knee, hip, shoulder, sports and trauma surgeries) in the United States. DePuy Synthes is entitled to a tiered commission ranging from low single-digits to double-digits on sales of EXPAREL, subject to conditions, limitations and adjustments. The initial term of the agreement ends on December 31, 2021, with the option to extend the agreement in additional 12 month increments upon mutual agreement of the parties, subject to certain conditions. We and DePuy Synthes have mutual termination rights under the agreement, subject to certain terms, conditions and advance notice requirements; provided that we or DePuy Synthes generally may not terminate the agreement, without cause, within three years of the effective date of the agreement. We also have additional unilateral termination rights under certain circumstances.

Potential future milestone payments to Skyepharma could be up to an aggregate of $36.0 million if certain milestones pertaining to net sales of DepoBupivacaine products collected, including EXPAREL, are met, including $32.0 million when annual net sales collected reach $500.0 million (measured on a rolling quarterly basis) and $4.0 million upon the first commercial sale in a major European Union country. This contingency is described further in Note 5, *Goodwill*, to our consolidated financial statements included herein.

Item 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

The primary objective of our cash equivalent and investment activities is to preserve principal while at the same time maximizing the income that we receive from our investments without significantly increasing risk. We invest in corporate bonds, commercial paper and asset-backed securities, which are reported at fair value. These securities are subject to interest rate risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. For example, if we hold a security that was issued with a fixed interest rate at the then-prevailing rate and the interest rate later rises, we expect that the fair value of our investment will decline. A hypothetical 100 basis point increase in interest rates would have reduced the fair value of our available-for-sale securities at March 31, 2017 by approximately $1.5 million.

In January 2013, we issued $120.0 million in aggregate principal amount of 3.25% convertible senior notes, which mature in February 2019. Holders may convert their 2019 Notes prior to maturity under certain circumstances. Upon conversion, holders will receive cash up to the principal amount of the 2019 Notes and, with respect to any excess conversion value, cash, shares of our common stock or a combination of cash and shares, at our option. The fair value of the 2019 Notes is impacted by both the fair value of our common stock and interest rate fluctuations. As of March 31, 2017, the estimated fair value of the 2019 Notes was $1,914 per $1,000 principal amount. See Note 6, *Debt*, to our consolidated financial statements included herein for further discussion of the 2019 Notes. At March 31, 2017, $0.8 million of principal remains outstanding on the 2019 Notes.

In March 2017, we issued $345.0 million in aggregate principal amount of 2.375% convertible senior notes, which mature in April 2022. Holders may convert their 2022 Notes prior to maturity under certain circumstances. Upon conversion, holders will receive the principal amount of the 2022 Notes and any excess conversion value in cash, shares of our common stock or a combination of cash and shares, at our option. The fair value of the 2022 Notes is impacted by both the fair value of our common stock and interest rate fluctuations. As of March 31, 2017, the estimated fair value of the 2022 Notes was $1,037 per $1,000 principal amount. See Note 6, *Debt*, to our consolidated financial statements included herein for further discussion of the 2022 Notes. At March 31, 2017, $345.0 million of principal remains outstanding on the 2022 Notes.

Most of our transactions are conducted in United States dollars. We do have certain agreements with commercial partners located outside the United States which have transactions conducted in Euros. As of March 31, 2017, we had approximately $0.6 million in receivables from customers denominated in Euros. A hypothetical 10% decrease in the value of the Euro relative to the United States dollar would have decreased our revenue by less than $0.1 million for the quarter ended March 31, 2017.

Additionally, our accounts receivable are concentrated with three large regional wholesalers of pharmaceutical products. In the event of non-performance or non-payment, there may be a material adverse impact on our financial condition, results of operations or net cash flow.

Item 4. *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our management, including our Chief Executive Officer and Chairman and our Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. As defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, disclosure controls and procedures are controls and other procedures which are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chairman and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on that evaluation, our Chief Executive Officer and Chairman and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2017.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the Chief Executive Officer and Chairman and our Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II — OTHER INFORMATION

Item 1. *LEGAL PROCEEDINGS*

From time to time, we have been and may again become involved in legal proceedings arising in the ordinary course of our business. Except as described below, we are not presently a party to any litigation or legal proceedings that we believe to be material and we are not aware of any pending or threatened litigation against us that we believe could have a material adverse effect on our business, operating results, financial condition or cash flows.

In April 2015, we received a subpoena from the U.S. Department of Justice, U.S. Attorney's Office for the District of New Jersey, requiring the production of a broad range of documents pertaining to marketing and promotional practices related to EXPAREL. We are cooperating with the government's inquiry. We can make no assurances as to the time or resources that will need to be devoted to this inquiry or its final outcome, or the impact, if any, of this inquiry or any proceedings on our business, financial condition, results of operations and cash flows.

Item 1A. *RISK FACTORS*

You should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016, which could materially affect our business, financial condition, cash flows or future results. There have been no material changes in our risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2016. The risks described in our Annual Report on Form 10-K for the year ended December 31, 2016 are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Item 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

On March 23, 2017 and March 24, 2017, the Company entered into separate privately negotiated agreements with certain holders of its outstanding 2019 Notes to exchange such notes for shares of its common stock and cash in private placement transactions pursuant to Section 4(a)(2) of the Securities Act (the "Exchange Transactions"). In exchange for an aggregate of approximately $5.3 million in principal amount of 2019 Notes, the Company paid an aggregate of approximately $5.3 million in cash in respect of the principal amount and accrued interest, together with an aggregate of 107,727 shares of common stock. Each holder of 2019 Notes that participated in the Exchange Transactions represented to the Company that it was either an institutional "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act or a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act. The Exchange Transactions closed on March 28, 2017 and March 29, 2017.

Item 3. *DEFAULTS UPON SENIOR SECURITIES*

None.

Item 4. *MINE SAFETY DISCLOSURES*

Not applicable.

Item 5. *OTHER INFORMATION*

Not applicable.

Item 6. ***EXHIBITS***

The exhibits listed below are filed or furnished as part of this report.

Exhibit No.	Description
4.1	Indenture, dated March 13, 2017, between Pacira Pharmaceuticals, Inc. and Wells Fargo Bank, National Association.(1)
4.2	Form of Global 2.375% Convertible Senior Notes due 2022.(1)
10.1 †	Co-Promotion Agreement, dated January 24, 2017, between Pacira Pharmaceuticals, Inc. and DePuy Synthes Sales, Inc.*
10.2 +	Executive Employment Agreement, dated April 11, 2016, between Pacira Pharmaceuticals, Inc. and Robert Weiland.*
31.1	Certification of Chief Executive Officer and Chairman pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
32.1	Certification of Chief Executive Officer and Chairman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101	The following materials from the Quarterly Report on Form 10-Q of Pacira Pharmaceuticals, Inc. for the quarter ended March 31, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income (Loss); (iv) the Consolidated Statement of Stockholders' Equity; (v) the Consolidated Statements of Cash Flows; and (vi) the Condensed Notes to Consolidated Financial Statements.*

* Filed herewith.

** Furnished herewith.

† Confidential treatment requested as to certain portions, which portions were omitted and filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Request.

\+ Denotes management contract or compensatory plan or arrangement.

(1) Incorporated by reference to the Exhibits to the Registrant's Current Report on Form 8-K, filed on March 13, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PACIRA PHARMACEUTICALS, INC.
(REGISTRANT)

Dated: May 4, 2017

/s/ DAVID STACK

David Stack
Chief Executive Officer and Chairman
(Principal Executive Officer)

Dated: May 4, 2017

/s/ CHARLES A. REINHART, III

Charles A. Reinhart, III
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH "[**]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

CO-PROMOTION AGREEMENT

This Co-Promotion Agreement (this "Agreement") is entered into this 24th day of January, 2017 (the "Effective Date"), by and between Pacira Pharmaceuticals Inc., a Delaware corporation ("Pacira"), and DePuy Synthes Sales, Inc., a Massachusetts corporation ("DePuy Synthes"). Each of Pacira and DePuy Synthes is referred to herein, individually, as a "Party" and collectively, as the "Parties."

BACKGROUND

A. Pacira owns, develops, markets and manufactures a bupivacaine liposome injectable suspension product, currently marketed as "EXPAREL" (the "Product");

B. DePuy Synthes develops, markets and manufactures, among other things, certain orthopaedic and spine products for operating room use; and

C. Each of Pacira and DePuy Synthes wish to collaborate with the other on the terms and conditions set forth herein to optimize the sales of the Product in the Field (as hereinafter defined) in the Territory (as hereinafter defined).

AGREEMENT

Now, therefore, in consideration of the foregoing and the mutual promises herein contained, Pacira and DePuy Synthes hereby agree as follows:

1. Definitions.

1.1 "10 mL Product" shall mean the Product to the extent distributed in 10 mL single use vials.

1.2 "20 mL Product" shall mean the Product to the extent distributed in 20 mL single use vials.

1.3 "Act" shall mean the United States Federal Food, Drug, and Cosmetic Act, as it may be amended from time to time.

1.4 "Affiliate" shall mean a corporation or business entity that, directly or indirectly, is controlled by, controls, or is under common control with any entity. For this purpose, control means the direct or indirect ownership of more than fifty percent (50%) of the voting or income interest in such corporation or business entity, or such other relationship as, in fact, constitutes actual control.

1.5 "Aggregate Incremental Sales" means the aggregate Incremental Sales of the 20 mL Product for the Year for which the Commission Payment is being calculated and all prior Years.

1.6 "Annual Sales Milestones" shall mean the minimum increase in Net Sales for each Year over Net Sales for the prior Year for 20 mL Product as established by the JSC in accordance with Section 3.2(ii) based upon the following factors: (i) account level forecasts; (ii) review of the Premier data set (market share); (iii) independent data collected by the DPS Commercial Personnel or the Pacira Sales Force, (iv) supply disruption or significant changes in the market or marketplace for the Product and (iv) any other information and sources agreed to by the JSC.

[**] - Indicates certain information has been redacted and filed separately with the U.S. Securities and Exchange Commission. Confidential treatment has been requested with respect to the redacted portions.

1.7 "Baseline Sales" means Net Sales of the 10 mL Product or 20 mL Product, as the case may be, for the prior Year. For the first Year that begins with the Effective Date, Baseline Sales shall be Net Sales of the 10 mL Product or 20 mL Product, as the case may be, beginning on the date that is one year prior to the Effective Date and ending on December 31, 2016.

1.8 "Commercially Reasonable Efforts" shall mean, with respect to a Party's obligation to perform or achieve a specified obligation for the Product or generally under this Agreement, the efforts, expertise, degree of skill, and resources that are comparable in quality and scope to those efforts, expertise, degree of skill and resources that are generally used by such Party to perform or achieve a comparable obligation for a product controlled by such Party, which has the same regulatory requirements or status (for example, requires a prescription or is available over-the-counter), is at a comparable stage of development or product life as the Product, and that has similar market potential as the Product, taking into account relative safety and efficacy, product profile, the competitiveness of the marketplace, relevant regulatory circumstances, and other relevant factors, including technical, legal, scientific and/or medical factors, but, in any event, a Party's effort shall be no less than the effort that a comparable company would expend with respect to a comparable product controlled by such company taking into consideration the factors outlined above.

1.9 "Current Good Manufacturing Practices" shall mean the current standards for manufacture, as set forth in the Act and applicable regulations, including without limitation 21 C.F.R. Parts 210 and 211, and guidelines promulgated thereunder or successors thereto, as shall be in effect from time to time during the Term.

1.10 "DePuy Synthes Trademarks" shall mean the trademark DePuy Synthes®, the DePuy Synthes corporate logo and any other related domain name, trademark or service mark (whether registered or unregistered) containing the words "DePuy Synthes."

1.11 "DPS Commercial Personnel" shall mean the number of DePuy Synthes Sales Force and relevant commercial personnel (i.e., strategic customer group, regional marketing, and professional education).

1.12 "FDA" shall mean the United States Food and Drug Administration, or any successor agency in the Territory.

1.13 "Field" shall mean orthopaedic (including knee, hip, shoulder, sports and trauma) and spine markets for operating room use.

1.14 "GAAP" shall mean United States generally accepted accounting principles, as applied by Pacira in its audited financial statements, as may be amended from time to time.

1.15 "Governmental Authority" shall mean any local, state, national or other government or any entity, body, agency, department or authority of any government and including, but not limited to, law enforcement, prosecutorial and judicial bodies.

1.16 "Incremental Sales" means Net Sales of the 10 mL Product or 20 mL Product, as the case may be, for the applicable Year in excess of the Baseline Sales for such Product.

1.17 "NDA" shall mean the "new drug application" (as such term is used under the Act) with respect to the Product with new drug application number 022496 that was submitted by Pacira to the FDA on September 28, 2010 and approved by the FDA on October 28, 2011, and all subsequent submissions, supplements, and amendments thereto.

1.18 "Net Sales" shall mean the gross sales of the 10 mL Product or the 20 mL Product, as the case may be, in the Territory during the applicable period, less the following deductions, applied in a consistent manner and (as applicable) calculated in accordance with GAAP (consistently applied) and properly reported by Pacira to the U.S. Securities and Exchange Commission as net product sales (collectively, "Deductions"): (i) normal and customary trade, cash and quantity discounts, allowances, prompt payment discounts, wholesaler fees, credits or

retroactive price reductions, (ii) credits, price adjustments or allowances for damaged goods, returns, rebates or rejections of such Product, (iii) chargeback payments, credits and rebates (or equivalent thereof) granted on sales of such Product to group purchasing organizations, managed health care organizations, or federal, state, local or other governments, including their agencies, purchasers and/or reimbursers, or to trade customers, (iv) freight, shipping insurance and other packing and transportation charges to the extent included in gross sales, and (v) sales or sum taxes (including the amount of any duties or government charges imposed upon the sale of such Product), excise, gross receipts, or similar taxes which are added to the selling price or paid to a taxing authority by Pacira, excluding income taxes. All such amounts and calculations will be determined from books and records maintained by Pacira in accordance with GAAP. Net Sales shall not include, and shall be deemed zero with respect to, the 10 mL Product or the 20 mL Product, as the case may be, distributed at no cost or charge in connection with (i) samples or other marketing programs approved by the JSC and (ii) clinical trials or research purposes.

1.19 "Non-Serious Adverse Event" shall mean any adverse drug experience associated with the use of the Product in humans, whether or not considered drug-related, which is not a Serious Adverse Event.

1.20 "Pacira Trademarks" shall mean the trademark Pacira®, the Pacira corporate logo and any other related domain name, trademark or service mark (whether registered or unregistered) containing the word "Pacira" or a close variant or derivative thereof.

1.21 "Product Promotional Materials" shall mean any artwork or samples of training, educational, sales and promotional materials relating to the Product in the Territory (including, without limitation, detailing aids, leave behind educational items, journal advertising, educational programs, formulary binders, appropriate reprints and reprint carriers, product monographs, patient support kits, convention exhibit materials, direct mail, training materials, and scripts for telemarketing and teleconferences).

1.22 "Product Technical Complaint" shall mean: (i) any complaint that questions the purity, identity, potency or quality of the Product, its packaging or labeling or the compliance of the Product with applicable laws, rules and regulations, including the Act and Current Good Manufacturing Practices; (ii) any complaint that concerns any incident that causes the Product or its labeling to be mistaken for, or applied to, another article; (iii) any bacteriological contamination or significant chemical, physical or other change or deterioration in the Product; (iv) any failure of the Product to meet the specifications therefor in the NDA; or (v) any complaint or evidence of tampering with the Product.

1.23 "Product Trademarks" mean the trademark EXPAREL® (U.S. registration no. 4074454) associated with the Product, and any other related trademark or service mark containing the word "Exparel" or a close variant or derivative thereof and any other trademark or service mark (whether registered or unregistered) used on or with the Product or in any Product-related sales and marketing materials (other than Pacira Trademarks or the DePuy Synthes Trademarks, as applicable) in the Territory during the Term. Product Trademarks shall also mean such other name or mark, other than Pacira Marks, as may be used by or under authority of Pacira for any product in the Exparel® line.

1.24 "Promote," "Promotional" and "Promotion" mean those activities normally undertaken by a pharmaceutical company to encourage sales or appropriate use of the Product, including details, product sampling, detail aids, coupons, discount cards, journal advertising, direct mail programs, direct-to-consumer advertising, convention exhibits and other forms of marketing, advertising, public relations or promotion, to the extent set forth in an applicable Promotion Plan or otherwise approved by the JCC. For clarity, "Promote," "Promotional" and "Promotion" shall not include (i) discussing or responding to questions regarding the Product outside of the FDA-approved Product labels and inserts, (ii) independently maintaining a website, call center or medical information hotline for the Product, or (iii) taking Product orders or otherwise selling or offering the Product for sale.

1.25 "Promotion Plan" means an annual plan that sets forth: (a) the manner in which DePuy Synthes shall deploy its efforts to Promote the Product in the Field in the Territory, (b) Volume Forecasts, and (c) other matters relevant to Promotion of the Product.

1.26 "Quarter" shall mean (i) for the first calendar quarter following the Effective Date, the period commencing on the Effective Date and ending on March 31, 2017 and (ii) each successive three month period ending on each of March 31, June 30, September 30 and December 31 of each Year.

1.27 "Risk Sharing" shall mean DePuy Synthes' value-based customer offerings related to the Product.

1.28 "Roll Out Plan" shall mean a target account roll-out plan, including a timeline for training of the DPS Commercial Personnel, transition of sales relationships in the Field in the Territory from the Pacira Sales Force to the DPS Commercial Personnel and commencement of Promotion of the Product in the Field in the Territory by the DPS Commercial Personnel.

1.29 "Sales Force" shall mean the field-based sales representatives employed by or on behalf of Pacira or DePuy Synthes, as the case may be, for the Promotion of the Product in the Field in the Territory. DePuy Synthes' Sales Force may include, without limitation, any sales representatives engaged through an arrangement with a contract sales organization or other distributor.

1.30 "Senior Officer(s)" shall mean the officers of each Party set forth on Exhibit B hereto (or such other executive or senior officer of the Party or an Affiliate designated in writing by the Chief Executive Officer of such Party to the other Party).

1.31 "Serious Adverse Event" shall have the meaning as set forth in 21 C.F.R. 314.80(a), namely, any adverse drug experience occurring at any dose that results in any of the following outcomes: death, a life-threatening adverse drug experience, inpatient hospitalization or prolongation of existing hospitalization, a persistent or significant disability/incapacity, or a congenital anomaly/birth defect. Important medical events that may not result in death, be life-threatening, or require hospitalization may be considered a Serious Adverse Event when, based upon appropriate medical judgment, they may jeopardize the patient or subject and may require medical or surgical intervention to prevent one of the outcomes listed in this definition.

1.32 "Target" means a healthcare professional with prescribing authority or a hospital pharmacist or material manager and related hospital personnel in the Field in the Territory to whom a member of the DPS Commercial Personnel Promotes the Product within applicable policy constraints and in compliance with applicable laws, rules and regulations.

1.33 "Territory" shall mean the United States of America and its territories and possessions.

1.34 "Trained DPS Commercial Personnel" shall mean the number of DPS Commercial Personnel that are qualified and are in good standing with the Pacira product training and compliance curriculum and such other training requirements.

1.35 "Year" means (i) for the first calendar year, the period commencing on the Effective Date and ending on December 31, 2017, (ii) for each successive period beginning on January 1 and ending twelve (12) consecutive calendar months later on December 31, and (iii) for the calendar year in which this Agreement is terminated, the period beginning on January 1 of such calendar year and ending on the effective date of the termination of this Agreement.

In addition, the following terms have the meanings set forth in the Sections set forth below:

Definition	Location
Accountant	12.2
Annual Training Goal	4.6(iii)
Base Commission	5.1(i)
CGL	10.2
CMS	11.1(iii)
Claim	10.1(i)
Committees	3.1
Compliance Policies	4.9
Confidential Information	11.1(i)
Confidentiality Agreement	11.1(v)
DePuy Synthes	Preamble
Discloser	11.1(i)
Dispute	15.6
Effective Date	Preamble
Enforcement Action	9.3(ii)
Files and Work Papers	11.1(ii)
Indemnified Persons	10.1(i)
JSC	3.1
JCC	3.1
Overpayment Amount	5.3(ii)
Pacira	Preamble
Party/Parties	Preamble
Prior Agreements	15.3
Product	Background
Recipient	11.1(i)
Recipient's Representatives	11.1(ii)
Commission Payment	5.1
Stark Law	4.9
Term	13.1
Training Certification	4.6(iii)
Training Records	4.6(iii)
Volume Forecast	4.4

2. Appointment.

2.1 Appointment. Pacira hereby appoints DePuy Synthes and DePuy Synthes hereby accepts such appointment, during the Term, on an exclusive basis to Promote the Product through the DPS Commercial Personnel in the Territory for its approved indications solely in the Field, subject to the terms and conditions of this Agreement, provided, however, that Pacira shall retain all rights and authority to also promote and market the Product in the Territory in the Field subject to the terms and conditions of this Agreement. In conducting its activities hereunder, DePuy Synthes will use Commercially Reasonable Efforts to Promote the Product in the Field in the Territory during the Term. The Parties shall cooperate, including taking such actions as are reasonably requested by the other Party, in performing their obligations hereunder. Except as set forth in this Agreement, such appointment shall be non-transferable and DePuy Synthes shall not grant any rights to, or permit or authorize, any person, other than

[**] - Indicates certain information has been redacted and filed separately with the U.S. Securities and Exchange Commission. Confidential treatment has been requested with respect to the redacted portions.

Affiliates of DePuy Synthes and their representatives, sales representatives engaged through an arrangement with a contract sales organization, and third-party distributors (provided that such representatives, sales representatives and third-party distributors are provided with training and education consistent with overall roles and responsibilities outlined in this Agreement), to Promote the Product in the Field in the Territory. Promotional activities shall at all times remain within the scope of the FDA-approved labeling and indications for the Product.

2.2 Retention of Rights. Pacira retains and shall retain all proprietary and property interests in the Product until the point of sale and DePuy Synthes shall have no responsibilities with respect to the Product except as otherwise expressly provided herein. DePuy Synthes shall not have nor represent that it has any control or proprietary interest or property interests in the Product, except for the rights and licenses granted hereunder. Except as expressly set forth herein, nothing contained herein shall be deemed to grant DePuy Synthes, by implication, a license or other right or interest in any patent, trademark or other similar property of Pacira or its Affiliates.

3. Coordination of Activities.

3.1 Establishment of Committees Generally. Within thirty (30) days of the Effective Date, the Parties agree to establish, in each case for the purposes specified herein, (i) a Joint Steering Committee (the "JSC") and (ii) a Joint Commercialization Committee ("JCC", and together with the JSC, the "Committees"). The Parties acknowledge and agree that neither of the Committees has the power to amend, modify or waive any of the terms or conditions of this Agreement.

3.2 Joint Steering Committee.

(i) Composition. The JSC shall be made up of an equal number of representatives from each Party. The JSC shall have four (4) members, two (2) of whom shall be appointed by Pacira, and two (2) of whom shall be appointed by DePuy Synthes and all of whom shall be qualified to appropriately represent such Party at the JSC level. Each Party may replace its representatives at any time, upon written notice to the other Party. Each Party shall have the right, upon written notice to the other Party, to have present at JSC meetings additional, non-voting participants, provided that such attendees shall be bound by obligations of confidentiality and non-use at least as restrictive as those set forth in this Agreement. Such additional participants shall not be deemed to be, and shall not have any of the rights or responsibilities of, members of the JSC.

(ii) Role and Responsibilities. The JSC will be used as the forum to oversee and manage the relationship between the Parties and shall have the following responsibilities:

A. providing oversight and guidance for the Promotion of the Product in the Field in the Territory;

B. establishing the Annual Sales Milestones;

C. establishing the Annual Training Goal with respect to the third Year and all subsequent Years;

D. approving the DPS Commercial Personnel;

E. overseeing the work of the JCC, and receiving and reviewing reports and other information submitted by the JCC;

F. resolving all disputes referred to it by the Parties; and

G. making such other decisions as may be delegated to the JSC pursuant to this Agreement or by written agreement of the Parties from time to time.

Within fifteen (15) days of the end of each Quarter, DePuy Synthes shall advise the JSC in writing of the DPS Commercial Personnel and Trained DPS Commercial Personnel. The JSC shall consider and, if in agreement, approve the DPS Commercial Personnel.

Notwithstanding the foregoing, (x) the JSC has no authority to make decisions with respect to matters that relate to the development of the Product or the authorization and/or continued authorization to Promote and market the Product in commercial quantities in the Territory without Pacira's prior written consent, (y) the JSC has no authority to require a Party to engage in Promotion activities beyond those obligations set forth in Section 4, and (z) the JSC has no authority to amend or waive any term or condition of this Agreement.

(iii) Meetings. The JSC shall meet face-to-face at mutually agreed upon times and locations at least quarterly during the first Year following the Effective Date, and at least semi-annually in subsequent Years (unless mutually agreed otherwise). Unless otherwise agreed, the location of such meetings will alternate between the Parties' facilities, and the Party hosting a meeting shall be responsible for chairing the meeting and secretarial duties (i.e., scheduling the meeting, preparing and circulating an agenda and preparing and issuing minutes). The JSC shall also address issues as they arise in the interim via teleconference, videoconference or electronic mail.

(iv) Decision-Making.

A. Subject to this Section 3.3(iv), decisions of the JSC shall be made by mutual agreement between the representatives of Pacira and the representatives of DePuy Synthes, with each Party having one (1) vote. The Parties shall cause their respective representatives on the JSC to use their good faith efforts to resolve all matters appropriately presented to them in an expeditious manner.

B. In the event that the JSC is unable to resolve a dispute or make a decision (including with respect to an Annual Sales Milestone) due to a lack of required unanimity within twenty (20) calendar days following consideration of the dispute or the decision by the JSC, then either Party may submit in writing the matter to the Senior Officers for a joint decision. The Senior Officers shall diligently and in good faith attempt to resolve the referred dispute or decision expeditiously and, in any event, within twenty (20) calendar days of receiving such written notification, or within such other time as mutually agreed upon in writing between such officers (and if the officers resolve the dispute, such resolution shall be deemed to be a decision of the JSC). In the event that the Senior Officers are unable to reach a resolution of the dispute within such time period, then such disputes shall be resolved pursuant to Section 15.6 below, provided, however, that in the event the Senior Officers are unable to agree on an Annual Sales Milestone or DPS Commercial Personnel within such time period, then such dispute shall not be resolved pursuant to Section 15.6 and instead the Senior Officer of Pacira, acting reasonably, shall make the final decision with respect to such Annual Sales Milestone or DPS Commercial Personnel, which decision shall be deemed to be a decision of the JSC. Notwithstanding the foregoing, in the event that DePuy Synthes disagrees in good faith with the Annual Sales Milestones determined by the Senior Officer of Pacira after following the dispute escalation provisions of this Section 3.2(iv)(B) and final determination by the Senior Officer of Pacira, DePuy Synthes may terminate this Agreement effective upon sixty (60) days prior written notice.

C. For clarity, any dispute with respect to whether a Party has breached its obligations under this Agreement is not subject to the escalation procedures set forth in this Section 3.2, but either Party may refer such a dispute for resolution pursuant to Section 15.6.

3.3 Joint Commercialization Committee.

(i) Composition. The JCC shall be made up of an equal number of representatives from each Party. The JCC shall have six (6) members, three (3) of whom shall be appointed by Pacira, and three (3) of whom shall be appointed by DePuy Synthes and all of whom shall be qualified to appropriately represent such Party at the JCC level. Each Party may replace its representatives at any time, upon written notice to the other Party. Each Party shall have the right, upon written notice to the other Party, to have present at JCC meetings additional, non-voting participants, provided that such attendees shall be bound by obligations of confidentiality and non-use at least as

restrictive as those set forth in this Agreement. Such additional participants shall not be deemed to be, and shall not have any of the rights or responsibilities of, members of the JCC.

(ii) Role and Responsibilities. The JCC will be responsible for business planning and day-to-day operational management of the Promotion of the Product in the Field in the Territory and shall have the following responsibilities:

A. review and approval of the Promotion Plan, including Volume Forecasts;

B. strategic issues related to the Promotion of the Product in the Field in the Territory, including development of customer insights and orthopaedic pain protocols;

C. review and approval of the Roll-Out Plan;

D. the need for review and approval of any Product Promotional Materials by either Party pursuant to Section 4.5(iii);

E. determine the medical education strategy for each Year. Such strategy may include, but is not limited to, Smart Labs, WWCV & OR Visitations, National Courses, Anytime-Anywhere learning, and professional congresses and symposia in the Field in the Territory;

F. updates regarding any product development, clinical, regulatory, manufacturing/supply and quality matters, including any applicable updates from DePuy Synthes to the Volume Forecasts; and

G. any measures required to ensure the Promotion of the Product in the Field in the Territory under this Agreement complies with all applicable laws, restrictions and regulations.

As part of the annual review and approval of the Promotion Plan, DePuy Synthes shall present to the JCC its plan for Risk Sharing in the applicable Year. If the JCC approves a plan for Risk Sharing, the Parties shall cooperate in good faith to amend this Agreement to address Risk Sharing. Prior to any such amendment, DePuy Synthes shall not Promote the Product as part of Risk Sharing.

(iii) Meetings. The JCC shall meet face-to-face or by video or teleconference at least quarterly (unless mutually agreed otherwise) at mutually agreed upon times and locations; *provided* that the JCC shall meet as and when necessary to review and approve, on a timely basis, all Promotion Plans and any amendments or updates thereto. Unless otherwise agreed, the location of such meetings will alternate between the Parties' facilities, and the Party hosting a meeting (whether in-person or electronically) shall be responsible for chairing the meeting and secretarial duties (i.e., scheduling the meeting, preparing and circulating an agenda and preparing and issuing minutes). The JCC shall also address issues as they arise in the interim via teleconference, videoconference or electronic mail.

(iv) Decision-Making.

A. Subject to this Section 3.3(iv), decisions of the JCC shall be made by mutual agreement between the representatives of Pacira, and the representatives of DePuy Synthes, with each Party having one (1) vote. The Parties shall cause their respective representatives on the JSC to use their good faith efforts to resolve all matters appropriately presented to them in an expeditious manner.

B. In the event that the JCC is unable to resolve a dispute or make a decision due to a lack of required unanimity within twenty (20) calendar days following consideration of the dispute or the decision by the JCC, then either Party may submit the matter to the JSC for resolution.

3.4 Expenses. Each Party shall bear its own costs associated with its participation in the Committees, including but not limited to the costs of travel and expenses directly associated with participation in the Committees.

4. Product Promotion Matters.

4.1 Responsibilities. Each of the Parties shall have the obligations and responsibilities with respect to the promotion of the Product set forth in this Section 4 and on Exhibit A hereto, which is incorporated by reference herein. In the event of any conflict between the provisions of this Agreement and Exhibit A, this Agreement shall govern.

4.2 Costs. DePuy Synthes shall be responsible for all costs and expenses related to establishing, maintaining and training the DPS Commercial Personnel and conducting DePuy Synthes' other activities under this Agreement, except as set forth in this Section 4. Pacira shall be responsible for all costs and expenses related to conducting Pacira's activities under this Agreement.

4.3 Roll Out Plan. No later than forty-five (45) days after the Effective Date, appropriate representatives from each Party will jointly prepare the Roll Out Plan. The Parties shall provide the Roll Out Plan to the JCC for review, comment, and approval prior to DePuy Synthes initiating its Promotion activities hereunder.

4.4 Sales Process; Promotion Plan. DePuy Synthes shall be responsible for developing, managing and executing the sales process for the Product in the Field in the Territory, including selecting Targets, determining the manner in which the DPS Commercial Personnel will deploy its efforts to Promote the Product and contact Targets and other matters relevant to Promotion of the Product in the Field in the Territory. On or before October 1 of each Year beginning with October 1, 2017, DePuy Synthes shall submit to the JCC a Promotion Plan for the following Year, including a written forecast of the aggregate number of Products that are expected to be ordered for delivery by Pacira to hospitals and operating rooms during such Year in the Field in the Territory (a "Volume Forecast"). The JCC will review and approve the Promotion Plan within thirty (30) days of receipt thereof. If the JCC is unable to agree on the Promotion Plan for any Year, such dispute shall be resolved in accordance with Section 3.3(iv)(B). At each JCC meeting, DePuy Synthes will advise of any material update to the Volume Forecast.

4.5 Marketing; Product Promotional Materials.

(i) DePuy Synthes shall be primarily responsible for leading and implementing the marketing strategy for the Product in the Field in the Territory to orthopaedic and spinal surgeons, with input and guidance from Pacira, and Pacira shall be primarily responsible for leading and implementing the marketing strategy for the Product outside of the Field, as further set forth on Exhibit A hereto.

(ii) Promptly following the Effective Date, Pacira shall provide to DePuy Synthes in electronic format/operating system reasonably acceptable to DePuy Synthes any existing Product Promotional Materials.

(iii) All Product Promotional Materials to be used by DePuy Synthes shall be reviewed and approved in writing by Pacira and DePuy Synthes prior to their use by DePuy Synthes. DePuy Synthes shall not be required to use any Product Promotional Materials that are not reviewed by and acceptable to DePuy Synthes, and DePuy Synthes shall only use the Product Promotional Materials in connection with the Product. If, after its review of any Product Promotional Materials (including any new materials introduced after the Effective Date), a Party believes that changes to any such Product Promotional Materials are required to meet applicable legal or regulatory requirements or applicable FDA requirements, such proposed changes shall be submitted to the JCC for review and approval. Pacira shall be responsible for ensuring that all Product Promotional Materials are at all times in full compliance with all applicable laws, rules and regulations. Approval by DePuy Synthes of any Product Promotional Materials shall not be deemed to constitute an acknowledgement, agreement or certification by DePuy Synthes that such Product Promotional Materials comply with any applicable laws, rules and regulations.

(iv) Pacira shall provide to DePuy Synthes electronic copies of any Product Promotional Materials as reasonably requested by DePuy Synthes in a format/operating system reasonably acceptable to DePuy Synthes. DePuy Synthes may produce Product Promotional Materials based on such electronic copies at its own cost, which shall be subject to review and approval in writing as described in Section 4.5(iii) above. DePuy Synthes

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shall be permitted to use in connection with the Promotion of the Product only (A) the Product Promotional Materials approved under Section 4.5(iii) above by each of DePuy Synthes and Pacira and (B) the FDA-approved Product labels and inserts. DePuy Synthes shall use such Product Promotional Materials only in the form so approved and consistent with the training provided pursuant to Section 4.6 and DePuy Synthes shall not change such Product Promotional Materials in any way following such approval and training, without the express written consent of Pacira. Pacira agrees that DePuy Synthes can utilize the vendor(s) used by Pacira to produce Product Promotional Materials at the rates charged by such vendors to Pacira for the production of Product Promotional Materials, subject to the agreement of such vendor(s) in each instance. DePuy Synthes shall have the right, but not the obligation, to so utilize such vendors and shall have the right to negotiate rates that are lower than the rates charged to Pacira by any such vendors.

(v) Pacira shall own all copyrights to all Product Promotional Materials (other than those items which are subject to third-party copyrights). Pacira shall, and does hereby, grant to DePuy Synthes a royalty-free, non-exclusive right and license to use, reproduce and distribute Product Promotional Materials solely in conjunction with the Promotion of the Product and the performance of DePuy Synthes' obligations under this Agreement, which license shall not be sublicensable, assignable or transferable by DePuy Synthes, except in accordance with the terms of Section 15.1. DePuy Synthes shall not be permitted or licensed to make derivative works with respect to, or otherwise modify, any Product Promotional Materials without the prior written consent of Pacira.

4.6 Training and Education.

(i) DPS Commercial Personnel. DePuy Synthes and Pacira shall consult and agree on the development and implementation of initial and refresher sales training for the DPS Commercial Personnel. DePuy Synthes shall provide training to each member of its Sales Force, at DePuy Synthes' expense, prior to his or her commencement of Promotion of the Product hereunder to ensure that he or she is properly trained with respect to the matters described in this Section 4.6 and able to satisfy his or her Promotion and detailing responsibilities under this Agreement. Pacira shall have the right, but not the obligation, to participate in the sales training process, at Pacira's expense as Pacira may reasonably deem necessary to comply with its code of conduct or any related policies or as required by applicable laws, rules and regulations or by a government entity or regulatory agency.

(ii) Orthopaedic Health Care Professionals. In compliance with all applicable laws, rules and regulations, DePuy Synthes shall be responsible for developing and implementing a professional education strategy pursuant to which DePuy Synthes, through its Sales Force or otherwise, will provide training and education to orthopaedic health care professionals, direct operating room staff and key opinion leaders at the local, regional, and national level with respect to the Product and its appropriate use and infiltration techniques in the Field in the Territory. In furtherance of the foregoing, DePuy Synthes will incorporate training and education with respect to the Product into its existing professional education programs. The Parties will jointly develop and implement a training program to ensure training of surgical staff other than orthopaedic health care professionals and direct operating room staff, including post-anesthesia care unit and medical surgery staff.

(iii) Training. As of the end of each Year, the number of Trained DPS Commercial Personnel shall be with respect to the first Year, [**], with respect to the second Year, [**], and with respect to the third Year and all subsequent Years, a number as determined by the JSC (the "Annual Training Goal"). Within fifteen (15) calendar days of the end of each Year, DePuy Synthes shall provide to Pacira a written certification including the Trained DPS Commercial Personnel as of the end of such Year (the "Training Certification"). Within five (5) calendar days of receipt of the Training Certification, Pacira may provide DePuy Synthes with notice that it disagrees with the numbers in such certification, in which case DePuy Synthes shall provide Pacira its records with regard to Sales Force training for such Year (the "Training Records") within five (5) calendar days and then Pacira shall have the right to examine such records for five (5) calendar days after receipt. If (i) the Training Certification provides that the Annual Training Goal was not achieved or (ii) after review of the Training Records Pacira determines that the Annual Training Goal was not achieved, DePuy Synthes shall have until thirty (30) calendar days following the later of delivery of the Training Certification or the determination by Pacira to cure such non-compliance and provide to Pacira a certification, with appropriate support, that such deficiency has been cured.

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4.7 Future Development of the Product. Pacira shall have sole responsibility for any future development of the Product (including all studies and clinical trials related thereto, and related regulatory filings), including (i) responsibility for all decisions regarding, and submission of, regulatory submissions, or notices of any kind, and for interactions with Governmental Authorities, including interactions arising from DePuy Synthes' Promotion of the Product, subject to meaningful consultation with, and opportunity for comment by, DePuy Synthes in circumstances where such submission, notice or interaction relates directly to DePuy Synthes' Promotion of the Product; and (ii) responsibility for creation, subsequent modification, internal approval, and filing of all Product labeling, Product Promotional Material and medical/scientific material and content (including submission of Product Promotional Materials to the FDA's Office of Prescription Drug Promotion).

4.8 Pricing; Reimbursement. Pacira shall be solely responsible for determining all Product pricing and positioning, including the timing of pricing changes, requests for reimbursement and the offering of any discounts (including cash discounts with wholesalers) or rebates. In addition, Pacira shall be solely responsible for developing and managing the formulary and pharmacy access strategy for the Product.

4.9 Compliance with Laws and Policies. Each of Pacira and DePuy Synthes agrees that it shall comply, and its Promotional activities with respect to the Product shall be conducted in accordance, with: (i) FDA and all other applicable regulatory approvals or requirements which are then in effect with respect to the Product and with the Code on Interactions with Healthcare Professionals promulgated by the Pharmaceutical Research and Manufacturers of America (PhRMA Code) and applicable American Medical Association (AMA) guidelines; (ii) all applicable laws, restrictions and regulations, including those of the FDA, the Department of Commerce, the Department of Health and Human Services and any other United States, state, local, or applicable agency or authority, including but not limited to FDA rules prohibiting the off-label promotion of approved drug products; the December 2011 FDA Guidance for Industry on "Responding to Unsolicited Requests for Off-Label Information About Prescription Drugs and Medical Devices"; the February 2014 FDA Guidance for Industry on "Distributing Scientific and Medical Publications on Unapproved New Uses – Recommended Practices"; U.S. state and federal false claims laws, the U.S. Limitation on Certain Physician Referrals (a.k.a. the Stark Law), U.S. federal anti-kickback law, and the U.S. Health Insurance Portability and Accountability Act, as well as their respective regulations and guidance documents; (iii) the FDA and healthcare compliance policies exchanged by both Parties (the "Compliance Policies"), as updated or amended from time to time and (iv) Exhibit D hereto. If any Party makes material changes to its Compliance Policies other than as required to comply with applicable laws, rules and regulations, it will give prior written notice of such changes to the other Party. If changes are made to the Compliance Policies to comply with applicable laws, rules and regulations, the Party making such change shall give notice of such change to the other Party as soon as reasonably practicable. Each of Pacira and DePuy Synthes shall limit its claims of efficacy and safety for the Product to those that are within the scope of approved Product Promotional Materials and FDA-approved prescribing information for the Product in the Territory, and shall not add, delete or modify claims of efficacy and safety in the marketing of the Product under this Agreement from those claims of efficacy and safety that are within the scope of the FDA-approved prescribing information and applicable laws, rules and regulations. Under no circumstance shall a Party incur expenses on behalf of the other Party that would be reportable for the other Party under the Physician Payments Sunshine Act (Section 6002 of the Affordable Care Act) of 2010 and its implementing regulations. Each Party agrees that any action taken or omitted to be taken by the other Party to the extent required by such Party's Compliance Policies shall not constitute a breach of this Agreement by that Party.

4.10 Trademarks.

(i) Pacira hereby grants to DePuy Synthes a non-exclusive, royalty-free license to use the Product Trademarks and Pacira Trademarks solely on and as the same appear on (A) the Product Promotional Materials approved under Section 4.5(iii) above by each of DePuy Synthes and Pacira and (B) the FDA-approved Product labels and inserts, solely to promote the Product pursuant to the terms of this Agreement in the Field in the Territory during the Term. DePuy Synthes shall not use the Product Trademarks or Pacira Trademarks in connection with any product other than the Product as permitted above. All use of the Product Trademarks and Pacira Trademarks pursuant to this paragraph shall inure to the benefit of Pacira. DePuy Synthes shall not use on or in connection with the Product or the Promotion thereof, any trademark, service mark, or domain name other than the

Product Trademarks and Pacira Trademarks as permitted above, without the prior written approval of Pacira in each instance.

(ii) Each Party acknowledges the validity of DePuy Synthes' right, title and interest in and to the DePuy Synthes Trademarks and the validity of Pacira's right, title and interest in and to the Pacira Trademarks and the Product Trademarks. The Parties shall not have, assert or acquire any right, title or interest in or to any of DePuy Synthes Trademarks (in the case of Pacira), or the Pacira Trademarks or the Product Trademarks (in the case of DePuy Synthes) or the goodwill pertaining thereto, except as otherwise explicitly provided in Section 4.10(i) of this Agreement.

(i) The Parties agree that, in the event a breach or threatened breach of this Section 4.10, the non-breaching Party, in addition to other rights and remedies existing in its favor, shall be entitled to specific performance and/or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security and at the expense of the breaching Party).

4.11 Notices. In addition to any other specific notice requirements set forth herein, Pacira shall provide DePuy Synthes with prompt written notice of any material developments or changes relating to the Product, which could reasonably be expected to have an effect on DePuy Synthes' rights and obligations under this Agreement. Notwithstanding the generality of the foregoing, Pacira shall provide prompt written notice of any of the following matters:

(i) any material manufacturing matters related to the Product (including potential shortages, quality matters, significant Product Technical Complaints, voluntary or mandatory withdrawals or recalls, etc.);

(ii) any material change in new or existing litigation relating to the Product;

(iii) any material communications with regulatory authorities relating to the Product; and

(iv) to the best of Pacira's knowledge, any changes to the availability of products in the same therapeutic class as the Product or any other generic product to the Product promoted or otherwise commercialized by a third party in the Territory.

5. Compensation.

5.1 Compensation. For each applicable Year, Pacira shall pay DePuy Synthes an annual commission on Net Sales (the "Commission Payment") as follows:

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5.2 Changes in Dosage Practices. In the event that DePuy Synthes becomes aware of a material change in the infiltration procedures such that other dosage forms or formulations are being used in lieu of the 20 mL Product in the Field in the Territory, DePuy Synthes shall immediately inform Pacira of such change and provide supporting data. The Parties agree to negotiate in good faith appropriate changes to the Commission Payment to reflect the change in infiltration procedures based on the supporting data provided by DePuy Synthes.

5.3 Reports; Method of Payments.

(i) Within forty (40) days after the end of each of the first three Quarters of each Year and sixty (60) days after the end of the applicable Year, Pacira shall provide a written report to DePuy Synthes, detailing: (A) the Net Sales of each of the 20 mL Product and 10 mL Product, including reasonably detailed descriptions of all itemized deductions from gross sales, for the applicable Year through the end of such Quarter; (B) the Incremental Sales of the 20 mL Product and 10 mL Product for the applicable Year through the end of such Quarter and Aggregate Incremental Sales of the 20 mL Product for the applicable Year through the end of such Quarter; (C) the

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calculated amount of the Commission Payment due DePuy Synthes on account of such Net Sales and Incremental Sales; and (D) the basis for calculation of the Commission Payment due DePuy Synthes, including deductions of payments made with respect to earlier Quarters of the same Year pursuant to this Section 5.3(i) and any other applicable deductions/adjustments. During the final quarter of each Year, Pacira shall provide DePuy Synthes with a written estimate of full-Year 10mL Product and 20mL Product sales. With respect to Base Commission, Pacira shall pay the Base Commission to DePuy Synthes within sixty (60) days after the end of each of the first three Quarters of each Year and within seventy-five (75) days after the end of each Year. With respect to the Commission Payment related to Incremental Sales, Pacira shall pay DePuy Synthes within sixty (60) day after the end of the second Quarter of each Year and within seventy-five (75) days after the end of each Year. In the event that adjustment to the amount of the Commission Payment due DePuy Synthes for such Year results in a negative amount (the "Overpayment Amount"), such amount shall applied as a credit to Pacira against the next Commission Payment due and if, following termination or expiration of this Agreement any amount of such a credit remains unused, such unused amount shall be payable by DePuy Synthes to Pacira within seventy-five (75) days. In the event the due date is a Saturday, Sunday or a bank holiday, the due date will be the next business day.

(ii) Pacira's reports under Section 5.3(i) shall be transmitted to DePuy Synthes by email (to such email addresses as DePuy Synthes may from time to time designate in writing).

(iii) Payment of the Commission Payment shall be made by wire transfer or ACH to an account designated by DePuy Synthes. All payments under this Agreement shall be made in U.S. Dollars.

5.4 Late Payments; Interest. Each Party shall have the right to charge interest on all overdue amounts under this Article 5 from the date due until paid at a rate equal to 1.5% per month, or, if less, the maximum rate permitted by applicable law.

5.5 Monthly Report. In additional to Pacira's reports under Section 5.3(i), Pacira shall provide to DePuy Synthes, within thirty (30) days following the end of each month a report providing the number of units of the Product sold in the preceding month.

6. Regulatory Affairs.

6.1 Regulatory Affairs. Pacira shall have the sole right and responsibility, and shall bear all costs related thereto, to take such actions as may be necessary, in accordance with accepted business practices and legal requirements, to maintain the authorization and/or ability to market the Product in the Territory. If DePuy Synthes requests or requires any regulatory filing or other action under this Section 6.1 which Pacira determines is not commercially reasonable, the Parties shall negotiate in good faith a division of the costs of such filing or action between the Parties.

6.2 Communications with Regulatory Authorities. Pacira shall have the sole right and responsibility and shall bear all costs related to communications with any government agencies to satisfy their requirements regarding the authorization and/or continued authorization to market the Product in commercial quantities in the Territory. To the extent permitted by law, governmental order or regulation and not so prohibited by the governmental authority, DePuy Synthes shall notify Pacira within two (2) business days via facsimile or email of any inquiry or other communication that it receives from the FDA or any other governmental or regulatory authority concerning the Product. Pacira shall handle all communications with the FDA and other governmental and regulatory authorities concerning the Product, including but not limited to post-marketing reports of adverse drug experiences in compliance with 21 CFR §314.80, other post-marketing reports such as those described in 21 CFR §314.81, submission of advertising and promotional labeling to FDA's Office of Prescription Drug Promotion (OPDP), and responding to any FDA inquiries concerning post-marketing reports and advertising or promotional materials, and shall provide copies of all such communication to DePuy Synthes within five (5) business days via facsimile or email. Notwithstanding the foregoing, DePuy Synthes shall be able to communicate with any such governmental agency regarding the Product to the extent that DePuy Synthes believes in good faith that such communication is necessary to comply with the terms of this Agreement or the requirements of any law, governmental order or regulation or at the request of such governmental agency, provided that DePuy Synthes shall

within two (2) business days disclose in writing to Pacira the nature of any such communication to the extent DePuy Synthes is not legally prohibited from making such a disclosure.

6.3 Notice of Adverse Events. Each Party shall promptly notify the other Party within the timelines described in the Parties' safety data exchange agreement of any Product-related safety events, including without limitation Serious Adverse Events, Non-Serious Adverse Events, and governmental inquiries related to the safety of the Product. As between the Parties, Pacira shall have the sole responsibility for reporting and responding to such events to applicable governmental or regulatory authorities; provided that DePuy Synthes may take such actions (including issuing such reports) as it determines are required by applicable law, governmental order or regulation. Each Party shall concurrently provide the other Party with a copy of all correspondence between such Party and any applicable governmental or regulatory authorities related to or arising from the Product or this Agreement. Each Party shall provide the other Party with a copy of any proposed correspondence or action plan at least three (3) business days prior to submission of the correspondence or effecting of the action, and the other Party has the right to review and comment upon all such correspondences or actions before the Party providing such correspondence or plan may take the proposed action. The Party providing such correspondence or plan shall consider the other Party's comments in good faith and implement the other Party's reasonably requested changes. However, nothing in this Section 6.3 shall be construed as requiring either Party to delay timely effecting of a required action.

6.4 Medical Inquiries. DePuy Synthes and its Sales Force shall direct all medical inquiries, including unsolicited requests for off-label information, to Pacira's Medical Information Department or a designee. As between the Parties, any responses to such inquiries from patients, medical professionals, or other third parties shall be provided solely by Pacira.

6.5 Pharmacovigilance Responsibilities. The Parties shall enter into a mutually agreeable safety data exchange agreement no later than thirty (30) days following the Effective Date.

6.6 Product Technical Complaints and Recalls.

(i) If DePuy Synthes becomes aware of any Product Technical Complaint, DePuy Synthes shall notify Pacira in writing of such Product Technical Complaint promptly but not later than within ten (10) business days to the extent DePuy Synthes is not legally prohibited from making such a notification.

(ii) As between the Parties, Pacira shall have the sole authority and responsibility to respond to any governmental or regulatory authorities, including without limitation the FDA, in connection with Product Technical Complaints and medical complaints, and to make decisions regarding and handle all returns, recalls or market withdrawals of the Product subject to applicable law, at Pacira's cost and expense (subject to the indemnification obligations of Section 10.1).

(iii) Each Party shall promptly notify the other Party in writing via facsimile or email of any order, request or directive of a court or other governmental or regulatory authority to recall or withdraw the Product.

6.1 Manufacturer. Pacira shall be considered the manufacturer of the Product and shall have the legal obligations thereas.

7. Supply and Distribution.

7.1 Supply. In accordance with the provisions of this Agreement and all applicable legal requirements, except as set forth in Section 7.3, Pacira shall, at its cost and expense, perform or cause to be performed all Product manufacture, labeling, packaging, warehousing, distribution and return, order entry, payment processing, customer services and all other activities to supply and distribute the Product in the Territory. Pacira shall use commercially reasonable efforts to ensure that stock of the Product is available in its inventory to promptly fill orders in the Volume Forecast for the applicable Year throughout the Territory. Pacira shall use only FDA-registered manufacturing facilities and shall use Commercially Reasonable Efforts to have such FDA-registered manufacturing facilities available to it or its manufacturer that can produce an amount of the Product equal to the amount set forth

in the Volume Forecast for the applicable Year. Pacira shall manufacture or cause to be manufactured the Product in accordance with all applicable laws, including without limitation the Act and all applicable rules and regulations thereunder, the NDA and Current Good Manufacturing Practices. In the event that the supply of the Product is disrupted, Pacira shall use Commercially Reasonable Efforts to ensure that a reasonable supply of the Product is available to DePuy Synthes pursuant to this Agreement. In the event that the disruption applies to the 20 mL Product, the JSC shall meet to discuss whether any changes should be made to the Annual Sales Milestones due to such disruption.

7.2 Distribution. Except as set forth in Section 7.3, Pacira will supply and distribute the Product to customers in accordance with the specifications and requirements set forth in the NDA approved by the FDA for sale of the Product in the Territory and all applicable laws, including without limitation the Act and all applicable rules and regulations thereunder, the NDA and Current Good Manufacturing Practices. Pacira will be responsible for supplying the Product in accordance with Pacira policies and procedures for purchase orders received by Pacira from customers for the Product, which supply of the Product shall meet all legal requirements as set forth above.

7.3 Orders Received by DePuy Synthes. The Parties recognize that DePuy Synthes may from time to time receive orders for the Product directly from third parties for delivery in the Territory. In such event, DePuy Synthes promptly shall advise such third party that DePuy Synthes is not authorized to accept orders for the Product and shall immediately and accurately forward such order to Pacira, or its designee, which order Pacira may accept or reject in its sole discretion. Pacira (whether directly or through a designee) shall be responsible for handling all returns of the Product with respect to the Territory. If any Product sold in the Territory is returned to DePuy Synthes, DePuy Synthes shall either instruct the returning Party to, or shall itself if providing such instructions in a timely manner is not feasible (e.g., if DePuy Synthes receives a return through the mail), return such Product with appropriate documentation directly to Pacira or its designee, as directed by Pacira, and in accordance with all applicable laws, but shall take no other actions with respect to such return without the prior written consent of Pacira. Except as set forth in Section 7.3, Pacira shall (whether directly or through a designee) have sole responsibility for shipping, distribution and warehousing, for the invoicing and billing of purchasers of the Product and for the collection of receivables resulting from the sales of the Product in the Field in the Territory.

8. Representations and Warranties.

8.1 Representations and Warranties. Each Party hereby represents and warrants to the other Party as follows:

(i) It is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. It has all requisite power and authority to carry on its business, to own and operate its properties and assets, to enter into this Agreement, to grant the rights and licenses granted under this Agreement and to perform its obligations under this Agreement. The execution, delivery and performance of this Agreement have been duly authorized by all applicable corporate action of such Party. Such Party has obtained all authorizations, consents and approvals, governmental or otherwise, necessary for the execution and delivery of this Agreement, and to otherwise perform such Party's obligations under this Agreement.

(ii) When executed and delivered by such Party, this Agreement will constitute the legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws and equitable principles related to or affecting creditors' rights generally or the effect of general principles of equity.

(iii) There is no pending or, to its knowledge, threatened litigation involving it which would have any material adverse effect on this Agreement or on its ability to perform its obligations hereunder.

(iv) The execution, delivery, and performance of this Agreement by such Party will not in any material respect conflict with, breach, cause a default under, or result in the termination of any contract, employment relationship, agreement, or understanding, oral or written, with any third party, including without limitation any noncompetition covenant or agreement concerning exclusivity to which or by which it is bound.

8.2 Additional Pacira Representations and Warranties. Pacira further hereby represents and warrants to DePuy Synthes that:

(i) (a) the data regarding the efficacy and safety of the Product that is contained in the NDA and other regulatory filings submitted to the FDA in support of marketing approval of the Product is complete and accurate in all materials respects, does not contain any misstatement of a material fact related to safety or efficacy nor omit to state any material fact in Pacira's possession related to safety or efficacy; (b) as of the Effective Date, Pacira has received no notice of a third-party claiming any ownership interest in the patent or trademark rights covering the Product; (c) Pacira has the exclusive right to Promote, market and sell the Product in the Territory and to perform its obligations under this Agreement; (d) as of the Effective Date, Pacira is unaware of any third-party infringement of the Product intellectual property (including patent and trademark rights) which would have a material adverse effect on the rights granted to DePuy Synthes hereunder; and (e) the Product's label and labeling and all Product Promotional Materials, whether or not provided to DePuy Synthes shall comply with all applicable laws, rules and regulations; and

(ii) neither Pacira nor any of Pacira's employees or agents who will be performing services under this Agreement or otherwise with respect to the Product (i) is under investigation by the FDA for debarment action or is presently debarred under the Act or pursuant to the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.); (ii) is excluded from participation in any government-sponsored health care program in any jurisdiction, including under 42 U.S.C. Section 1320a-7 and implementing regulations; or (iii) has violated, been convicted of violating, or is subject to an ongoing proceeding for violating, any state or federal health care programs, any federal or state anti-kickback laws or regulations, or any laws or regulations that may render a person eligible for debarment by the FDA, except for the subpoena issued to Pacira and disclosed via press release on April 16, 2015. Pacira will notify DePuy Synthes in writing within five (5) business days upon any inquiry or the commencement of any of the foregoing proceedings concerning Pacira or any of its employees or agents.

8.3 Additional DePuy Synthes Representations and Warranties. DePuy Synthes further hereby represents and warrants to Pacira that neither DePuy Synthes nor any of DePuy Synthes' employees or agents who will be performing services under this Agreement or otherwise with respect to the Product (i) is under investigation by the FDA for debarment action or is presently debarred under the Act or pursuant to the Generic Drug Enforcement Act of 1992 (21 U.S.C. 301 et seq.); (ii) is excluded from participation in any government-sponsored health care program in any jurisdiction, including under 42 U.S.C. Section 1320a-7 and implementing regulations; or (iii) has violated, been convicted of violating, or is subject to an ongoing proceeding for violating, any state or federal health care programs, any federal or state anti-kickback laws or regulations, or any laws or regulations that may render a person eligible for debarment by the FDA. DePuy Synthes will notify Pacira in writing within five (5) business days upon any inquiry or the commencement of any of the foregoing proceedings concerning DePuy Synthes or any of its employees or agents.

8.4 Pacira Product Warranty. Pacira warrants to DePuy Synthes that at the time of delivery of all Product by or on behalf of Pacira to a third party, (i) such Product will be in conformity with the applicable specifications therefor and the NDA, (ii) such Product will have been manufactured in compliance with Current Good Manufacturing Practices and all other applicable legal requirements, (iii) such Product will have been manufactured in facilities that are in compliance with all applicable legal requirements at the time of such manufacture (including applicable inspection requirements of FDA and other governmental authorities), (iv) such Product will not be adulterated or misbranded under the Act, (v) such Product may be introduced into interstate commerce pursuant to the Act and (vi) the expiration date of such Product shall be no earlier than thirty (30) days after the date of delivery thereof.

9. Intellectual Property Matters.

9.1 Intellectual Property Prosecution and Maintenance. Pacira shall, at its own expense, use Commercially Reasonable Efforts to prosecute and maintain all Pacira intellectual property in the Territory (including patents, the Product Trademarks and any copyrights associated with the Product Promotional Materials) related to the Product or its manufacture, use, offer for sale or sale. Pacira shall keep DePuy Synthes promptly

[**] - Indicates certain information has been redacted and filed separately with the U.S. Securities and Exchange Commission. Confidential treatment has been requested with respect to the redacted portions.

informed regarding the material developments in the ongoing prosecution and maintenance of Pacira patents to the extent they relate to the Product or its manufacture, use or sale in the Territory.

9.2 Ownership. Pacira shall own all intellectual property rights in and to the regulatory and clinical data or other inventions and improvements incorporated into the Product, in each case conceived or reduced to practice by either Party pursuant to this Agreement. The Parties shall jointly own all intellectual property rights with respect to commercial data related to the Product that are generated by DePuy Synthes. All other intellectual property rights with respect to commercial data related to the Product in the Field will be owned by Pacira. Upon written request by the JSC, Pacira shall grant to DePuy Synthes a non-exclusive, royalty-free license to such commercial data.

9.3 Infringement.

(i) If either Party learns of a claim or assertion that the manufacture, use or sale of the Product in the Territory infringes or otherwise violates the intellectual property rights of any third party or that any third party violates the intellectual property rights owned or Controlled by (i) Pacira in the Product or the Product Trademarks or Pacira Trademarks in the Territory or (ii) DePuy Synthes in the DePuy Synthes Trademarks, then the Party becoming so informed shall promptly, but in all events within ten (10) days thereof, notify the other Party of the claim or assertion. In the event Pacira receives a notice under Paragraph IV of the U.S. Federal Drug Price Competition and Patent Term Restoration Act of 1984, as amended, also known as the Hatch-Waxman Act, with respect to the Product, Pacira shall provide DePuy Synthes with written notice of such Paragraph IV notice within five (5) business days.

(i) In the event of an Enforcement Action by DePuy Synthes with respect to any DePuy Synthes Trademark, at DePuy Synthes' reasonable request, Pacira shall cooperate fully with DePuy Synthes with respect to any such Enforcement Action, and DePuy Synthes shall reimburse Pacira for its reasonable out-of-pocket expenses incurred in providing such cooperation. Any recovery achieved by DePuy Synthes with respect to such Enforcement Action shall be solely for the account of DePuy Synthes.

10. Indemnification and Insurance.

10.1 Indemnification.

(i) Each Party will defend, at its own expense, indemnify and hold harmless the other Party and its directors, officers, employees, agents and Affiliates (collectively, the "Indemnified Persons") from and against any and all damages, liabilities, losses, costs, and expenses, including attorney's fees, arising out of any third-party claim, suit or proceeding brought against the other Party (each, a "Claim" and collectively, "Claims") to the extent such Claim arises out of or relates to (A) any breach or violation by the indemnifying Party of, or failure to perform by the indemnifying Party of, any representation, warranty, covenant, or other obligation in this Agreement or any other agreement between the Parties referenced herein, unless waived in writing by the indemnified Party; (B) the action or inaction of the indemnifying Party or its employees, distributors or subcontractors in performing its duties under this Agreement or any other agreement between the Parties referenced herein; (C) the fraud, negligence or willful misconduct of the indemnifying Party, or (D) failure of the indemnifying Party or its employees, distributors or subcontractors to comply with applicable law, provided, however, that the indemnified Party's obligations pursuant to this Section 10.1 shall not apply (x) to the extent such claims or suits result from the fraud, negligence or willful misconduct of the indemnified Party or its employees, distributors or subcontractors, or (y) with respect to losses for which the indemnified Party has an obligation to indemnify the indemnifying Party or its Indemnified Persons pursuant to this Section 10.1.

(ii) In addition, Pacira will defend, at its own expense, indemnify and hold harmless DePuy Synthes and its Indemnified Persons from and against any and all Claims to the extent such Claim arises out of or relates to: (A) any personal injury (including death) and/or property damage resulting from the handling, possession, sale or use of the Product; (B) any other liability arising out of the manufacture, marketing, labeling, distribution, sale or use of the Product, including claims of infringement of third-party intellectual property rights, except (under

any of (A) and (B)) to the extent arising out of the breach, violation, failure, negligence or willful misconduct of DePuy Synthes or its employees, distributors or subcontractors; and (C) any Claims of third parties and any investigations, enforcement actions or other actions by, of or involving any Governmental Authority that involve or originate with the Product or any other products or other materials marketed or sold by Pacira.

(iii) In addition, DePuy Synthes will defend, at its own expense, indemnify and hold harmless Pacira and its Indemnified Persons from and against any and all Claims to the extent such Claim arises out of or relates to: (A) any personal injury (including death) and/or property damage resulting from the handling, possession, sale or use of any products or other materials marketed or sold by DePuy Synthes other than the Product; and (B) any other liability arising out of the manufacture, marketing, labeling, distribution, sale or use of any products or other materials marketed or sold by DePuy Synthes other than the Product, including claims of infringement of third party intellectual property rights, except (under any of (A) and (B)) to the extent arising out of the breach, violation, failure, negligence or willful misconduct of Pacira or its employees, distributors or subcontractors; and (C) any Claims of third parties and any investigations, enforcement action or other actions by, of or involving any Governmental Authority that involve or originate with any products or other materials marketed or sold by DePuy Synthes other than the Product.

(iv) Each Party agrees that it shall promptly notify the other in writing of any Claim and give the indemnifying Party full information and assistance in connection therewith. The indemnifying Party shall have the sole right to control the defense of any Claim or action and the sole right to settle or compromise any such Claim, except that the prior written consent of the other Party shall be required in connection with any settlement or compromise which could (A) place any obligation on or require any action of such other Party; (B) admit or imply any liability or wrongdoing of such other Party; or (C) adversely affect the goodwill or public image of such other Party. Notwithstanding the foregoing, the indemnified Party may participate therein through counsel of its choice, but the cost of such counsel shall be borne solely by the indemnified Party.

10.2 Insurance. Each Party shall maintain insurance against such risks and upon such terms (including coverages, deductible limits and self-insured retentions) as is customary for the activities to be conducted by such Party under this Agreement and is appropriate to cover its indemnification obligations hereunder. Notwithstanding the generality of the foregoing, each Party shall maintain during the Term commercial general liability ("CGL") insurance in an amount of [**] per occurrence and claims made product liability insurance coverage in an amount of [**]. If claims made insurance is maintained, such insurance shall be maintained during the Term and for a period of not less than 5 years thereafter. DePuy Synthes shall be named as an additional insured under Pacira's CGL and product liability insurance policies. Pacira shall be named as an additional insured under DePuy Synthes CGL and product liability insurance policies Upon written request by a Party, such other Party shall provide the requesting Party with a certificate of insurance as evidence of the requested coverage. Each Party shall give the other Party prompt notice of any cancellation or termination of such insurance.

11. Confidentiality; Non-Solicitation; Publicity.

11.1 Confidentiality Obligation.

(i) Each Party (for purposes of this Section 11.1, the "Recipient") agrees that it shall hold in confidence and shall not use or disclose, for any purpose not directly related to and in support of performance of Recipient's duties and obligations under this Agreement, any Confidential Information (as defined below) disclosed to the Recipient by the other Party (for purposes of this Section 11.1, the "Discloser"). For purposes of this Agreement, "Confidential Information" shall include (i) any information disclosed by the Discloser to the Recipient, either directly or indirectly, in writing, orally or by inspection of tangible objects, including, without limitation, concepts, data, design documents, products in development, development plans, drafts, drawings, engineering information, flow sheets, feasibility studies, software, hardware configuration information, know-how, ideas, inventions, methods, lab notes, processes, projections, records, reports, research, specifications, studies, technical information, test, sample or any other results, timelines, trade secrets, customer lists, account history information, business and operations strategies, sales and marketing strategies, financial information and commissions structure, or any other information which is designated as "confidential" or "proprietary" or by words of similar effect, either

[**] - Indicates certain information has been redacted and filed separately with the U.S. Securities and Exchange Commission. Confidential treatment has been requested with respect to the redacted portions.

in writing or orally, prior to, at or promptly after the time of disclosure or would reasonably be expected to be treated as confidential under the circumstances. During the term of this Agreement, and for a period of five (5) years thereafter, neither Party shall use or disclose to third parties any Confidential Information of the other Party. Notwithstanding the foregoing, the Recipient may disclose Confidential Information of the Discloser to the extent required by law or applicable stock exchange or requested by a governmental authority; provided, that the Recipient shall, to the extent not prohibited, (i) promptly notify the Discloser of such requirement or request, (ii) cooperate with the Discloser in seeking a protective order or similar relief to protect the confidentiality of the information to be disclosed and (iii) limit the disclosure to that which is required. Upon the Discloser's request at any time, the Recipient shall return to the Discloser or destroy all material and documents containing or derived from Confidential Information of the Discloser. Confidential Information shall not include information that (i) was already known to the Recipient at the time of its receipt thereof or is independently developed by Recipient without use of any Confidential Information, (ii) is received from a third party who does not have any duty of confidentiality to the other Party hereunder with respect to such information, or (iii) is or becomes part of the public domain through no breach of this Agreement by the Recipient.

(ii) The Parties further agree as follows:

A. The Recipient shall be responsible to assure that all of its employees, directors, agents, representatives and contractors (collectively, the "Recipient's Representatives") are made aware of and comply fully with the confidentiality obligations imposed by this Section 11.1.

B. Upon termination of the Agreement for any reason, each Party agrees to return to the other any property or documents that relate to the other Party's business or that contain Confidential Information of the other Party. The Parties' obligation of confidentiality shall survive termination of this Agreement however such termination arises.

C. All paper or electronic records, files, documents, work papers and other information in any form, whether marked "confidential" or not (the "Files and Work Papers"), provided by the Discloser to the Recipient or generated pursuant to this Agreement shall remain the exclusive property of the Discloser.

(iii) Each Party acknowledges that the Physician Payments Sunshine Act (Section 6002 of the Affordable Care Act) of 2010 and its implementing regulations require "applicable manufacturers" to annually report to the Centers for Medicare and Medicaid Services ("CMS") certain information about payments and transfers of value provided directly or indirectly to U.S. physicians and teaching hospitals. As required by law, the Parties will report to CMS information about payments or transfers of value they provide to U.S. physicians and teaching hospitals. The Parties agree that such reported information will include the identity and business address of the recipient, the value and purpose of any payments or transfers of value that are made in connection with this Agreement, and any other information as may be required by law. DePuy Synthes may also report information about compensation, payments and transfers of value provided to U.S. physicians and teaching hospitals as necessary to meet any other legal requirements, and DePuy Synthes reserves the right to post on a website accessible to the public, information regarding such compensation made to U.S. physicians and teaching hospitals, whether or not required by law.

(iv) The Parties agree that, in the event a breach or threatened breach of this Section 11.1, the non-breaching Party, in addition to other rights and remedies existing in its favor, shall be entitled to specific performance and/or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security and at the expense of the breaching Party, including reasonable attorneys' fees and expenses).

(v) Upon execution of this Agreement, the terms of this Section 11.1 shall supersede the Parties' obligations under the Amended and Restated Mutual Confidentiality Agreement between the Pacira and DePuy Synthes Joint Reconstruction, a division of DePuy Orthopaedics, Inc., an Affiliate of DePuy Synthes, dated October 14, 2016 (the "Confidentiality Agreement"); *provided, that* any information relating to the Product or the

respective business operations of the Parties disclosed under the Confidentiality Agreement shall be deemed to have been disclosed under this Agreement.

11.2 Non-Solicitation. During the Term of this Agreement, neither Party shall, directly or indirectly, induce or attempt to induce any employee of the other Party to leave the employ of the other Party, or in any way interfere with the relationship between the other Party and any employee thereof without the express prior written consent of the other Party, other than by way of general solicitation not specifically targeted at any employee of the other Party. The Parties agree that, in the event a breach or threatened breach of this Section 11.2, the non-breaching Party, in addition to other rights and remedies existing in its favor, shall be entitled to specific performance and/or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security and at the expense of the breaching Party, including reasonable attorneys' fees and expenses).

11.3 Publicity. Neither Party will originate any publicity, news release, public comment or other public announcement, written or oral, whether to the press, to stockholders, or otherwise, relating to this Agreement, without the consent of the other Party, except for such announcements which, in accordance with the advice of legal counsel to the Party making such announcement, are required by law, regulation, legal process or stock exchange rules or for such announcements that contain substantially the same disclosure as in prior permitted/approved public announcements or for discussions with investors regarding this Agreement that do not otherwise disclose information for which confidential treatment has been requested. Except as otherwise permitted pursuant to the immediately preceding sentence, any Party making any announcement which is required by law will, unless prohibited by law, give the other Party an opportunity to review the form and content of such announcement and comment before it is made. Either Party shall have the right to make such filings with governmental agencies, including without limitation the United States Securities and Exchange Commission, as to the contents and existence of this Agreement as it shall reasonably deem necessary or appropriate (provided that the Parties will reasonably cooperate with respect to obtaining confidential treatment of sensitive information, as appropriate). The Parties have agreed upon the form and content of a joint press release to be issued by the Parties promptly following the execution of this Agreement.

12. Maintenance of Books and Records; Audits.

12.1 Maintenance of Books and Records. Each Party shall maintain complete and accurate books and records in sufficient detail, in accordance with GAAP and all applicable laws, rules, ordinances and regulations, to enable verification of the performance of such Party's obligations under this Agreement. Such records shall be maintained for a period of five (5) years after the end of the Term or longer if required by applicable law.

12.2 Payment Audits. DePuy Synthes shall have the right, upon thirty (30) days' prior written notice, periodically but no more than once per Year, to review and examine or have an independent third party expert review and examine the appropriate books and records of Pacira related to, for a particular Year, the (i) invoiced sales of Product in the Territory, (ii) Deductions, (iii) calculation of Net Sales, (iv) calculation of Baseline Sales, and (v) calculation of the Commission Payments. The purpose of such examination shall be to confirm Pacira's compliance with its obligations under Article 5 of this Agreement. Each such examination may only be conducted within twenty-four (24) months of the conclusion of the relevant Year. The right granted under this Section 12.2 may only be exercised during the normal business hours of Pacira. During the course of the examination, DePuy Synthes and its accountants shall use commercially reasonable efforts not disrupt or otherwise interfere with the business of Pacira. DePuy Synthes shall maintain the confidentiality of all documents and records reviewed, and any third party expert shall execute a confidentiality agreement satisfactory to Pacira prior to such examination. The costs and expenses of any such examination, including any independent third party expert, shall be the responsibility of DePuy Synthes, except that if any examination discloses that an amount due to DePuy Synthes or charged to DePuy Synthes was in error for the reviewed period by more than five percent (5%) in Pacira's favor (after Pacira has had the opportunity to review and has not disputed the results of such examination), the portion of any such direct costs and expenses of any independent third party expert allocable to such examination shall be the responsibility of Pacira. DePuy Synthes shall share the results of any examination with Pacira promptly and each Party shall, within thirty (30) days of any adjustment in the other Party's favor, pay the appropriate amount to such other Party. In the

event of a dispute over the results of any examination conducted pursuant to this Section 12.2, DePuy Synthes and Pacira shall work in good faith to resolve such dispute. Notwithstanding Section 15.6, if the Parties are unable to reach a mutually acceptable resolution of any such dispute within thirty (30) days, the dispute shall be submitted for arbitration to a certified public accounting firm selected by the Parties or to such other Person as the Parties shall mutually agree (the "Accountant"). The decision of the Accountant shall be final and the costs of such arbitration as well as the initial examination shall be borne between the Parties in such manner as the Accountant shall determine.

13. Term and Termination.

13.1 Term. The "Term" of this Agreement shall commence on the Effective Date and shall continue, unless terminated sooner in accordance with the terms hereof, until December 31, 2021 (as the same may be extended or terminated as set forth in this Section 13). The Term may be renewed for additional twelve (12) month periods on mutual agreement of the Parties, following prior written notice from either Party of its desire to renew, given no less than six (6) months prior to the expiration of the then-current Term.

13.2 Termination by DePuy Synthes. DePuy Synthes shall have the right to terminate this Agreement:

(i) at any time upon written notice to Pacira in the event of a Product recall that results in a material disruption of supply of the 20 mL Product for three (3) or more consecutive months;

(ii) without cause, effective on six (6) months prior written notice, provided that DePuy Synthes may not provide notice of termination without cause under this Section 13.2(ii) before the three (3) year anniversary of the Effective Date;

(iii) effective on sixty (60) days prior written notice if, following completion of the dispute escalation procedure in Section 3.2(iv)(B) through the final decision of Pacira's Senior Officer, DePuy Synthes disagrees in good faith with Annual Sales Milestones determination; or

(iv) immediately upon any prosecution of or enforcement action against or involving Pacira by any Governmental Authority related to the Product. Pacira shall immediately notify DePuy Synthes of any such additional prosecution or enforcement action, and has previously disclosed the existence of the subpoena via press release dated April 16, 2015.

In the event DePuy Synthes terminates this Agreement pursuant to subsection (ii) above, the Commission Payment payable on Incremental Sales of 20 mL Product shall be reduced to [**] during the period beginning on the date DePuy Synthes provides notice of termination and ending on the effective date of termination of this Agreement.

13.3 Termination by Pacira. Pacira shall have the right to terminate this Agreement:

(i) upon at least sixty (60) days' prior written notice if at least [**] of the Annual Sales Milestone is not achieved with respect to the first Year or the second Year; provided that such termination notice is received by DePuy Synthes within sixty (60) days after the end of the applicable Year;

(ii) upon at least sixty (60) days' prior written notice if the Annual Training Goal is not achieved and not cured pursuant to Section 4.6(iii); provided that such termination notice is received by DePuy Synthes within ninety (90) days after the end of the applicable Year;

(iii) without cause, effective on six (6) months prior written notice, provided that Pacira may not provide notice of termination without cause under this Section 13.3(iii) before the three (3) year anniversary of the Effective Date and provided, further, that in the event of termination pursuant to this Section 13.3(iii), Pacira shall pay to DePuy Synthes an amount equal to [**] of the Commission Payment with respect to the prior Year plus any earned but not yet paid Commission Payment for the current Year; or

(iv) immediately upon any prosecution of or enforcement action against or involving DePuy Synthes by any Governmental Authority related to the Product DePuy Synthes shall immediately notify Pacira of any such prosecution or enforcement action.

13.4 Mutual Termination Rights. Either Party may terminate this Agreement: (i) at any time, upon written notice to the other Party in the event of a material breach of this Agreement by such other Party where such breach is not cured within thirty (30) days following such other Party's receipt of written notice of such breach; or (ii) at any time, in the event the other Party, its Affiliates, or any Person under its direction or control has been excluded from a federal or state health care program under Sections 1128 or 1156 of the Social Security Act, 42 U.S.C. §§ 1320a-7, 1320c-5 as may be amended or supplemented or has otherwise been excluded, suspended, or debarred by any Governmental Authority from any federal or state program, contracting with the federal government, or from working for any firm holding a pending or approved drug product application at FDA, in each case, to the extent such exclusion, suspension, or debarment is not remedied within thirty (30) days of receipt by the other Party of notice of such exclusion, suspension, or debarment (including, without limitation, through termination of the affected person).

13.5 Remedies. Except as indicated in Section 15.4, termination of this Agreement shall be without prejudice to (i) any remedies which any Party may then or thereafter have hereunder or at law; and (ii) a Party's right to receive any payment accrued under this Agreement prior to the termination date but which became payable thereafter; and (iii) either Party's right to obtain performance of any obligations provided for in this Agreement which survive termination by their terms or by a fair interpretation of this Agreement.

13.6 Post-Termination Obligations.

(i) Expiration or termination of this Agreement shall not relieve either Party of any obligations accruing prior to such expiration or termination. The following provisions of this Agreement by their terms continue after the expiration or termination of this Agreement: Sections 6.2, 6.3, 6.6, 6.7, 8, 9, 10, 11, 12, 13, 14, and 15. In addition, any other provisions required to interpret and enforce the Parties' rights and obligations under this Agreement shall also survive, but only to the extent required for the interpretation and performance of this Agreement. Upon the expiration or termination of this Agreement pursuant to this Section 13, each Party shall promptly transfer and return to the other Party or destroy all Confidential Information of the other Party (provided that each Party may keep one copy of such Confidential Information for archival purposes only).

(ii) Upon the expiration or termination of this Agreement, DePuy Synthes shall immediately cease all Promotion of the Product in the Field in the Territory and deliver to Pacira all undistributed Product Promotional Materials. For clarity, upon the expiration or termination of this Agreement, the Committees shall immediately be disbanded and any and all grant of rights from Pacira to DePuy Synthes shall immediately cease.

14. Notices. Unless otherwise provided herein, all notices, demands or other formal communications required or permitted under this Agreement shall be in writing and shall be deemed to have been properly given and to be effective on the date of delivery if delivered in person, on the date actually received or refused by addressee when deposited in the U.S. mail by certified or registered mail, or by Federal Express, return receipt requested, postage prepaid, addressed to the Parties at their respective addresses set forth below or to such other addresses as may later be designated in writing, or delivered via email to the email addresses provided by the Parties when received at the email server of the receiving Party.

If to DePuy Synthes, to:

DEPUY SYNTHES SALES, INC.
700 Orthopaedic Drive
Warsaw, IN 46582
Attention: Vice President, Law_____
Fax No: _____

[**] - Indicates certain information has been redacted and filed separately with the U.S. Securities and Exchange Commission. Confidential treatment has been requested with respect to the redacted portions.

With a copy to (which shall not constitute notice hereunder):

Nutter, McClennen & Fish LLP
155 Seaport Boulevard
Boston, MA 02210
Attention: Paul R. Eklund
Fax No: (617) 310-9303

If to Pacira, to:

PACIRA PHARMACEUTICALS INC.
5 Sylvan Way
Parsippany, NJ 07054
Attention: Anthony Molloy, VP, Legal and Compliance
Fax No: (973) 267-0060

15. Miscellaneous.

15.1 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their successors and assigns. This Agreement shall not be assignable by either Party without the written consent of the other Party; provided, however, that either Party may, without the prior written consent of the other Party, (i) assign any or all of its rights and obligations to any Affiliate of such Party or (ii) upon at least thirty (30) days prior written notice, assign any or all of its rights and obligations to any third party that acquires substantially all of the business or assets of the assigning Party, whether by merger, acquisition or otherwise. Notwithstanding the foregoing, in the event Pacira provides notice to DePuy Synthes that it intends to assign its rights and obligations to a third-party acquirer pursuant to clause (ii) of the immediately preceding sentence, and DePuy Synthes determines in its good faith judgment that such third-party acquirer is a competitor of DePuy Synthes or that being a party to this Agreement with such third-party acquirer would cause reputational harm to DePuy Synthes, it shall so notify Pacira within ten (10) days of receipt of the notice from Pacira hereunder and DePuy Synthes shall have the right to terminate this Agreement for cause effective immediately in the event Pacira assigns its rights or obligations to such third party. Any change in control of either Party resulting from a merger, consolidation, stock transfer or asset sale shall be deemed to be an assignment for purpose of this Agreement. Any purported transaction in violation of this Section 15.1 shall be null and void and of no force or effect.

15.2 Independent Contractors. Nothing herein contained shall be construed to constitute the Parties hereto as partners or as joint venturers, or either as agent for the other. No employee or representative of a Party shall have any authority to bind or obligate the other Party to this Agreement for any sum in any manner whatsoever, or to create or impose any contractual or other liability on the other Party without said Party's authorized written approval. For all purposes, and notwithstanding any other provision of this Agreement to the contrary, DePuy Synthes' legal relationship under this Agreement to Pacira shall be that of independent contractor.

15.3 Entire Agreement. This Agreement and all Exhibits or attachments hereto represents the entire understanding between the Parties and cancels and supersedes all prior agreements, contracts, amendments to same and/or any other understandings (collectively, "Prior Agreements"), whether written or oral, existing at any time between Pacira, on the one hand and DePuy Synthes on the other hand, except those provisions of such Prior Agreements which by their terms survive. This Agreement as well as all Exhibits and/or attachments shall be binding upon the Parties, their Affiliates, successors in interests and heirs, and may be modified only by a written agreement signed by an authorized officer of Pacira and of DePuy Synthes. The language of this Agreement shall for all purposes be construed as a whole, according to its fair meaning, not strictly for or against either Party, and without regard to the identity or status of any person who drafted all or part of it. Whenever the words "include" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

15.4 Limitation on Damages. Neither Pacira nor DePuy Synthes (which for the purposes of this Section 15.4 shall include their respective Affiliates, directors, officers, employees and agents) shall have any liability to the

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other for any punitive damages, special, incidental, consequential or indirect damages, direct or indirect lost profits, lost revenues, or anticipated profits, relating to or arising from this Agreement, even if such damages may have been foreseeable. For the avoidance of doubt, nothing in this Section 15.4 shall be interpreted to limit the indemnification obligation of either Party in connection with the characterization of damages or losses claimed by a third party as being punitive, special, incidental, consequential or indirect or other like damages or losses.

15.5 Force Majeure. No Party shall be liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, when and to the extent such failure or delay is caused by or results from acts beyond the affected Party's reasonable control, including, without limitation: (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns or other industrial disturbances; and (i) shortage of adequate power or transportation facilities.

15.6 Dispute Resolution. The Parties recognize that a dispute may arise relating to this Agreement ("Dispute"). Any Dispute, including Disputes that may involve the Affiliate of any Party, shall be resolved in accordance with Exhibit E to this Agreement. For the avoidance of doubt, disputes arising on issues within the jurisdiction of a Committee shall be resolved in accordance with the procedures set forth in Section 3.

15.7 Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

15.8 Governing Law. This Agreement and all exhibits or attachments hereto shall be governed by and interpreted in accordance with the internal laws of the State of New York regardless of the laws that might otherwise govern under applicable principles of conflict of law thereof.

15.9 Waiver of Jury Trial. Each Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

15.10 Waiver. Except to the extent that a Party may have otherwise agreed in writing, no waiver by such Party of any breach by any other Party of any of the other Party's obligations, agreements or covenants hereunder shall be deemed to be a waiver by such first Party of any subsequent or other breach of the same or any other obligation, agreement or covenant; nor shall any forbearance by a Party to seek a remedy for any breach by the other be deemed a waiver by said Party of its rights or remedies with respect to such breach or of any subsequent or other breach of the same or any other obligation, agreement or covenant.

15.11 Headings. Headings as used in this Agreement are for convenience only and are not to be construed as having any substantive effect by way of limitation or otherwise. References to Sections herein are, unless otherwise indicated, references to the designated Sections of this Agreement, unless the content requires otherwise.

15.12 Severability. If one or more of the provisions of this Agreement shall, by any court or an arbitrator, be found to be void or unenforceable, the agreement as a whole shall not be affected thereby and shall remain in full force and effect, and the provisions in question shall be replaced by an interpretation in conformity with law which comes closer to effecting the Parties original intention.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their undersigned duly authorized representatives as of the Effective Date.

PACIRA PHARMACEUTICALS INC.

By: /s/ David Stack

Name: David Stack

Title: CEO and Chairman

DEPUY SYNTHES SALES, INC.

By: /s/ Jonathan B. Loane

Name: Jonathan B. Loane

Title: Treasurer

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EXHIBIT A

DETAILED ROLES AND RESPONSIBILITIES

[**]

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EXHIBIT B

SENIOR OFFICERS

Pacira: Dave Stack, Chief Executive Officer, Chairman

DePuy Synthes: Max Reinhardt, Vice President, Marketing

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EXHIBIT C

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EXHIBIT D

COMPLIANCE WITH ANTI-CORRUPTION LAWS

Notwithstanding anything to the contrary in this Agreement, the Parties:

(i) Shall not perform any actions that are prohibited by National, International and other anti-corruption laws, including without limitation the U.S. Foreign Corrupt Practices Act, (collectively "Anti-Corruption Laws") that may be applicable to one or both Parties to this Agreement;

(ii) Shall not, directly or indirectly, make any payment, or offer or transfer anything of value, or agree or promise to make any payment or offer or transfer anything of value, to a government official or government employee, to any political party or any candidate for political office or to any other third party related to the transaction with the purpose of influencing decisions related to this Agreement and/or its business in a manner that would violate Anti-Corruption Laws;

(iii) Shall not retain any government official or government employee in the performance of this Agreement unless it has been pre-approved in writing by the other Party. Furthermore, each Party shall notify the other writing in the event the notifying Party becomes aware that any person engaged in the performance of this Agreement becomes a government official or employee, a political party official or a candidate for political office. The requirements of this subsection shall not apply with respect to employees of an intermediary that is a government owned entity; and

(iv) Agree that if a Party fails to comply with any of the provisions of this Exhibit D such failure shall be deemed to be a material breach of this Agreement and, upon any such failure, the non-breaching Party shall have the right to terminate this Agreement with immediate effect upon written notice to the other Party.

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EXHIBIT E

DISPUTE RESOLUTION

A. Mediation.

1. The Parties shall first attempt in good faith to resolve any Dispute by confidential mediation in accordance with the then current *Mediation Procedure* of the International Institute for Conflict Prevention and Resolution ("*CPR Mediation Procedure*") (www.cpradr.org) before initiating arbitration. The CPR Mediation Procedure shall control, except where it conflicts with these provisions, in which case these provisions control. The mediator shall be chosen pursuant to CPR Mediation Procedure. The mediation shall be held in New York, New York.

2. Either Party may initiate mediation by written notice to the other Party of the existence of a Dispute. The Parties agree to select a mediator within 20 days of the notice and the mediation will begin promptly after the selection. The mediation will continue until the mediator, or either Party, declares in writing, no sooner than after the conclusion of one full day of a substantive mediation conference attended on behalf of each Party by a senior business person with authority to resolve the Dispute, that the Dispute cannot be resolved by mediation. In no event, however, shall mediation continue more than 60 days from the initial notice by a Party to initiate meditation unless the Parties agree in writing to extend that period.

3. Any period of limitations, whether contractual or established by law, that would otherwise expire between the initiation of mediation and its conclusion shall be extended until 20 days after the conclusion of the mediation.

B. Arbitration.

1.If the Parties fail to resolve the Dispute in mediation, and a Party desires to pursue resolution of the Dispute, the Dispute shall be submitted by either Party for resolution in arbitration pursuant to the then current CPR Non-Administered Arbitration Rules ("*CPR Rules*") (www.cpradr.org), except where they conflict with these provisions, in which case these provisions control. The arbitration will be held in New York, New York. All aspects of the arbitration shall be treated as confidential.

2.The arbitrators will be chosen from the CPR Panel of Distinguished Neutrals, unless a candidate not on such panel is approved by both Parties. Each arbitrator shall be a lawyer with at least 15 years' experience with a law firm or corporate law department of over 25 lawyers or who was a judge of a court of general jurisdiction. To the extent that the Dispute requires special expertise, the Parties will so inform CPR prior to the beginning of the selection process.

3.The arbitration tribunal shall consist of three arbitrators, of whom each Party shall designate one in accordance with the "screened" appointment procedure provided in CPR Rule 5.4. The chair will be chosen in accordance with CPR Rule 6.4.

4.If, however, the aggregate award sought by the Parties is less than $5 million and equitable relief is not sought, a single arbitrator shall be chosen in accordance with the CPR Rules.

5.Candidates for the arbitrator position(s) may be interviewed by representatives of the Parties in advance of their selection, provided that all Parties are represented.

6.The Parties agree to select the arbitrator(s) within 45 days of initiation of the arbitration. The hearing will be concluded within nine (9) months after selection of the arbitrator(s) and the award will be rendered within 60 days of the conclusion of the hearing, or of any post-hearing briefing, which briefing will be completed by both sides within 45 days after the conclusion of the hearing. In the

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event the Parties cannot agree upon a schedule, then the arbitrator(s) shall set the schedule following the time limits set forth above as closely as practical.

7. The hearing will be concluded in ten hearing days or less. Multiple hearing days will be scheduled consecutively to the greatest extent possible. A transcript of the testimony adduced at the hearing shall be made and shall be made available to each Party.

8. The arbitrator(s) shall be guided, but not bound, by the *CPR Protocol on Disclosure of Documents and Presentation of Witnesses in Commercial Arbitration* (www.cpradr.org) ("Protocol"). The Parties will attempt to agree on modes of document disclosure, electronic discovery, witness presentation, etc. within the parameters of the Protocol. If the Parties cannot agree on discovery and presentation issues, the arbitrator(s) shall decide on presentation modes and provide for discovery within the Protocol, understanding that the Parties contemplate reasonable discovery.

9. The arbitrator(s) shall decide the merits of any Dispute in accordance with the law governing this Agreement, without application of any principle of conflict of laws that would result in reference to a different law. The arbitrator(s) may not apply principles such as "amiable compositeur" or "natural justice and equity."

10. The arbitrator(s) are expressly empowered to decide dispositive motions in advance of any hearing and shall endeavor to decide such motions as would a United States District Court Judge sitting in the jurisdiction whose substantive law governs.

11. The arbitrator(s) shall render a written opinion stating the reasons upon which the award is based. The Parties consent to the jurisdiction of the United States District Court for the district in which the arbitration is held for the enforcement of these provisions and the entry of judgment on any award rendered hereunder. Should such court for any reason lack jurisdiction, any court with jurisdiction may act in the same fashion.

12. Each Party has the right to seek from the appropriate court provisional remedies such as attachment, preliminary injunction, replevin, etc. to avoid irreparable harm, maintain the status quo, or preserve the subject matter of the Dispute. Rule 14 of the CPR Rules does not apply to this Agreement.

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Exhibit 10.2

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement"), is entered into as of April 11, 2016 (the "Effective Date"), by and between Pacira Pharmaceuticals, Inc., a California corporation (the "Company"), and Robert Weiland (the "Executive").

RECITALS

WHEREAS, the Company wishes to employ the Executive, and the Executive desires to be employed by the Company, for such purpose and upon the terms and conditions hereinafter provided; and

WHEREAS, the parties wish to establish the terms of the Executive's future employment with the Company and set out fully their respective rights, obligations and duties.

AGREEMENT

In consideration of the promises and the terms and conditions set forth in this Agreement, the parties agree as follows:

1. Title and Capacity. The Company hereby agrees to continue to employ the Executive, and the Executive hereby accepts continued employment with the Company, under the terms set forth in this Agreement. The Executive will serve as the Senior Vice President & Chief Commercial Officer and shall perform such duties as are ordinary, customary and necessary in such role. The Executive will report directly to the President and CFO. The Executive shall devote his full business time, skill and attention to the performance of his duties on behalf of the Company.

2. Compensation and Benefits.

(a) Salary. The Company agrees to pay the Executive an annual base salary of Three Hundred Eighty Thousand Dollars ($380,000.00) payable in accordance with Company's customary payroll practice (the "Base Salary"). The Executive's Base Salary shall be reviewed periodically by the Board of Directors of the Company (the "Board"); *provided*, *however*, that any such review will not necessarily result in an adjustment to the Executive's Base Salary. Any change in the Executive's Base Salary must be approved by the Board.

(b) Bonus. The Executive is eligible to receive, in addition to the Base Salary and subject to the terms hereof and at the full discretion of the Board, a targeted incentive bonus of Forty percent (40%) of Base Salary (the "Targeted Incentive Bonus"). The Targeted Incentive Bonus shall be based on the Executive's and the Company's performance during the applicable fiscal year, as determined by the Board. The Targeted Incentive Bonus criteria or "goals" will be determined by agreement between the Board and the Executive at beginning of each fiscal year. The award of the Target Incentive Bonus may be in an amount either above or below the amount specified by the Board at the beginning of each fiscal year based on the ultimate performance assessed by the Board.

Targeted Incentive Bonuses shall be determined and approved by the Board in its sole discretion.

All salary and bonuses shall be subject to all applicable withholdings and deductions.

(c) Stock Options. Within thirty (30) days of the Effective Date, Company will grant to the Executive a stock option ("Option") to purchase an aggregate of forty thousand (40,000) shares of the Company's common stock, $0.001 par value per share (along with any subsequent grants, the "Option Shares"), pursuant to the Company's Amended and Restated 2011 Stock Option/Stock Issuance (the "Plan"). The exercise price, vesting schedule and other terms for the Option will be set forth in the notice of grant and option agreement for such Option and the Option is subject to accelerated vesting as set forth in Section 3 hereof. Additional equity incentives, if any, shall be determined by the Board (or a committee thereof) in its sole discretion. All share figures set forth herein shall be subject to adjustment for stock splits, stock dividends, stock combinations, recapitalizations and similar events.

(d) Benefits. The Executive (and, where applicable, the Executive's qualified dependents) will be eligible to participate in health insurance and other employee benefit plans and policies established by the Company for its executive team from time to time on substantially the same terms as are made available to other such employees of the Company generally. The Executive's participation (and the participation of the Executive's qualified dependents) in the Company's benefit plans and policies

will be subject to the terms of the applicable plan documents and the Company's generally applied policies, and the Company in its sole discretion may from time to time adopt, modify, interpret or discontinue such plans or policies.

(e) Expenses. The Company will reimburse the Executive for all reasonable and necessary expenses incurred by the Executive in connection with the Company's business, in accordance with the applicable Company policy as may be amended from time to time.

(f) Vacation and Holidays. The Executive shall be eligible for thirty (30) days' paid vacation/flexible time off per calendar year subject to the applicable terms and conditions of the Company's vacation policy and applicable law.

(g) Termination of Benefits. Except as set forth in Section 3 or as otherwise specified herein or in any other agreement between the Executive and the Company, if the Executive's employment is terminated by the Company for any reason, with or without Cause (as defined below), or if the Executive resigns the Executive's employment voluntarily, with or without Good Reason (as defined below), no compensation or other payments will be paid or provided to the Executive for periods following the date when such a termination of employment is effective, provided that any rights the Executive may have under the Company's benefit plans shall be determined under the provisions of such plans. If the Executive's employment terminates as a result of the Executive's death or disability, no compensation or payments will be made to the Executive other than those to which the Executive may otherwise be entitled under the benefit plans of the Company.

3 . Compensation and Benefits Upon Termination of Employment. Upon termination of the Executive's employment (such date of termination being referred to as the "Termination Date"), the Company will pay the Executive the compensation and benefits as described in this Section 3.

(a) General Benefits Upon Termination. The Company will pay the Executive on or about the Termination Date all salary and vacation/personal time off pay, if any, that has been earned or accrued through the Termination Date and that has not been previously paid.

(b) Termination without "Cause" or for "Good Reason". In the event that the Company terminates the Executive's employment without Cause (as defined below) or, in the event the Executive terminates his employment for Good Reason (as defined below), in each case, (i) the Executive shall be entitled to receive (A) continuing payments of the then effective Base Salary for a period of nine (9) months beginning on the Payment Commencement Date and payable in accordance with the Company's payroll policies and (B) the benefits set forth in Section 3(e), and (ii) the Executive shall be entitled to acceleration of vesting of such number of Option Shares and time based restricted stock unit grants then held by Executive as would have vested in the nine (9)month period following the Termination Date had the Executive continued to be employed by the Company for such period, *provided*, *however* that in each case the receipt of such payments and benefits is expressly contingent upon the Executive's execution and delivery of a severance and release of claims agreement drafted by and satisfactory to counsel for the Company (the "Release") which Release must be executed and become effective within sixty (60) days following the Termination Date. The payments and benefits shall be paid or commence on the first payroll period following the date the Release becomes effective (the "Payment Commencement Date"). Notwithstanding the foregoing, if the 60th day following the Termination Date occurs in the calendar year following the termination, then the Payment Commencement Date shall be no earlier than January 1st of such subsequent calendar year. The provision of payments and benefits pursuant to this Section shall be subject to the terms and conditions set forth on Exhibit A.

(c) Termination without "Cause" or for "Good Reason" Prior to or Following a Change of Control. In the event that the Company terminates the Executive's employment without Cause (as defined below) or, in the event the Executive terminates his employment for Good Reason (as defined below), in each case, within thirty (30) days prior to, or twelve (12) months following, the consummation of a Change of Control, then (i) the Executive shall be entitled to receive (A) continuing payments of the then effective Base Salary for a period of twelve (12) months beginning on the Payment Commencement Date and payable in accordance with the Company's payroll policies, (B) in lieu of the Targeted Incentive Bonus, a bonus payment in the amount of Forty percent (40%) of Executive's then current Base Salary payable in one lump sum on the Payment Commencement Date and (C) the benefits set forth in Section 3(e), and (ii) acceleration of vesting of one hundred percent (100%) of the then unvested Option Shares and time-based restricted stock unit grants then held by Executive, provided, however that in each case: (x), the receipt of such payments and benefits is expressly contingent upon the Executive's execution and delivery of a Release as described above drafted by and satisfactory to counsel for the Company, which Release must be executed and become effective within sixty (60) days following the Termination Date. The provision of payments and benefits pursuant to this Section shall be subject to the terms and conditions set forth in Exhibit A.

(d) Definitions.

(i) "Change of Control" means (A) a merger or consolidation of either the Company or Pacira, Inc., a Delaware corporation ("Parent") into another entity in which the stockholders of the Company or Parent (as applicable) do not control fifty percent (50%) or more of the total voting power of the surviving entity (other than a reincorporation merger); (B) the sale, transfer or other disposition of all or substantially all of the Company's assets in liquidation or dissolution of the Company; or (C) the sale or transfer of more than fifty percent (50%) of the outstanding voting stock of the Company. In the case of each of the foregoing clauses (A), (B) and (C), a Change of Control as a result of a financing transaction of the Company or Parent shall not constitute a Change of Control for purposes of this Agreement

(ii) "Cause" means (A) the Executive's failure to substantially perform his duties to the Company after there has been delivered to the Executive written notice setting forth in detail the specific respects in which the Board believes that the Executive has not substantially performed his duties and, if the Company reasonably considers the situation to be correctable, a demand for substantial performance and opportunity to cure, giving the Executive thirty (30) calendar days after he receives such notice to correct the situation; (B) the Executive's having engaged in fraud, misconduct, dishonesty, gross negligence or having otherwise acted in a manner injurious to the Company or in intentional disregard for the Company's best interests; (C) the Executive's failure to follow reasonable and lawful instructions from the Board and the Executive's failure to cure such failure after receiving twenty (20) days advance written notice; (D) the Executive's material breach of the terms of this Agreement or the Employee Proprietary Information and Inventions Assignment Agreement or any other similar agreement that may be in effect from time to time; or (E) the Executive's conviction of, or pleading guilty or nolo contendere to, any misdemeanor involving dishonesty or moral turpitude or related to the Company's business, or any felony.

(iii) "Good Reason" means the occurrence of any one or more of the following events without the prior written consent of the Executive: (A) any material reduction of the then effective Base Salary or bonus target other than a reduction which is pursuant to a cross-executive team salary or bonus target reduction; (B) any material breach by the Company of this Agreement or any other written agreement with the Executive; or (C) a material reduction in the Executive's responsibilities or duties, provided that in the case of clause (C), 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 transaction shall not constitute a material reduction in job responsibilities or duties; provided, however, that no such event or condition shall constitute Good Reason unless (x) the Executive gives the Company a written notice of termination for Good Reason not more than ninety (90) days after the initial existence of the condition, (y) the grounds for termination (if susceptible to correction) are not corrected by the Company within thirty (30) days of its receipt of such notice and (z) the Termination Date occurs within one (1) year following the Company's receipt of such notice.

(e) Benefits Continuation. If the Executive's employment is terminated pursuant to Section 3(b) or Section 3(c) and provided that the Executive is eligible for and elects to continue receiving group health and dental insurance pursuant to the federal "COBRA" law, 29 U.S.C. § 1161 et seq., the Company will, for a twelve (12) month period following the Payment Commencement Date (the "Benefits Continuation Period"), continue to pay the share of the premium for such coverage that is paid by the Company for active and similarly-situated employees who receive the same type of coverage. The remaining balance of any premium costs shall be paid by the Executive on a monthly basis for as long as, and to the extent that, the Executive remains eligible for COBRA continuation. Notwithstanding the above, in the event the Executive becomes eligible for comparable health insurance benefits from a new employer during the Benefits Continuation Period, the Company's obligations under this Section 3(e) shall immediately cease and the Executive shall not be entitled to any additional monthly premium payments for health insurance coverage. Similarly, in the event the Executive becomes eligible for comparable dental insurance benefits from a new employer during the Benefits Continuation Period, the Company's obligations under this Section 3(e) shall immediately cease and the Executive shall not be entitled to any additional monthly premium payments for dental insurance. The Executive hereby represents that he will notify the Company in writing within three (3) days of becoming eligible for comparable health or dental insurance benefits from a new employer during the Benefits Continuation Period

(f) Death. This Agreement shall automatically terminate upon the death of the Executive and all monetary obligations of Company under Section 2 of this Agreement shall be prorated to the date of death and paid to the Executive's estate.

(g) Disability. The Company may terminate the Executive's employment if the Executive is unable to perform any of the duties required under this Agreement for a period of three (3) consecutive months due to a "Total and Permanent Disability". The term "Total and Permanent Disability" shall mean the existence of a permanent physical or mental illness or injury, which renders the Executive incapable of performing any material obligations or terms of this Agreement. Any dispute regarding the existence of a Total and Permanent Disability shall be resolved by a panel of three (3) physicians, one selected by Company, one selected by the Executive, and the third selected by the other two physicians.

4 . At-Will Employment. The Executive will be an "at-will" employee of the Company, which means the employment relationship can be terminated by either the Executive or the Company for any reason, at any time, with or without prior notice and with or without cause. The Company makes no promise that the Executive's employment will continue for any particular period of time, nor is there any promise that it will be terminated only under particular circumstances. No raise or bonus, if any, shall alter the Executive's status as an "at-will" employee or create any implied contract of employment. Discussion of possible or potential benefits in future years is not an express or implied promise of continued employment. No manager, supervisor or officer of the Company has the authority to change the Executive's status as an "at-will" employee. The "at-will" nature of the employment relationship with the Executive can only be altered by a written resolution approved by the Board.

5. Non-Solicitation.

(a) Non-Solicit. The Executive agrees that during the term of the Executive's employment with the Company, and for a period of twelve (12) months immediately following the termination of the Executive's employment with the Company for any reason, whether with or without Cause or Good Reason, the Executive shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's or its affiliates' employees or consultants to terminate such employee's or consultant's relationship with the Company or its affiliates, or attempt to solicit, induce, recruit, encourage or take away employees or consultants of the Company or any of its affiliates, either for the Executive or for any other person or entity. Further, during the Executive's employment with the Company or any of its affiliates and at any time following termination of the Executive's employment with the Company or any of its affiliates for any reason, with or without Cause or Good Reason, the Executive shall not use any confidential information of the Company or any of its affiliates to attempt to negatively influence any of the Company's or any of its affiliates' clients or customers from purchasing Company products or services or to solicit or influence or attempt to influence any client, customer or other person either directly or indirectly, to direct such person's or entity's purchase of products and/or services to any person, firm, corporation, institution or other entity in competition with the business of the Company or any of its affiliates.

(b) Specific Performance. In the event of the breach or threatened breach by the Executive of this Section 5, the Company, in addition to all other remedies available to it at law or in equity, will be entitled to seek injunctive relief and/or specific performance to enforce this Section 5.

6 . Director and Officer Liability Insurance; Indemnification. During the term of the Executive's employment hereunder, the Executive shall be entitled to the same indemnification and director and officer liability insurance as the Company and its affiliates maintain for other corporate officers, and in accordance with the Indemnification Agreement between the Executive and the Company.

7. Proprietary Information and Inventions Assignment Agreement . The Executive has executed and delivered the Company's standard Employee Proprietary Information and Inventions Assignment Agreement or similar agreement and the Executive represents and warrants that the Executive shall continue to be bound and abide by such Employee Proprietary Information and Inventions Assignment Agreement or similar agreement.

8. Attention to Duties; Conflict of Interest. While employed by the Company, the Executive shall devote the Executive's full business time, energy and abilities exclusively to the business and interests of the Company, and shall perform all duties and services in a faithful and diligent manner and to the best of the Executive's abilities. The Executive shall not, without the Company's prior written consent, render others services of any kind for compensation, or engage in any other business activity that would materially interfere with the performance of the Executive's duties under this Agreement. The Executive represents that the Executive has no other outstanding commitments inconsistent with any of the terms of this Agreement or the services to be rendered to the Company. While employed by the Company, the Executive shall not, directly or indirectly, whether as a partner, employee, creditor, shareholder, or otherwise, promote, participate or engage in any activity or other business competitive with the Company's business. The Executive shall not invest in any company or business which competes in any manner with the Company, except those companies whose securities are listed on reputable securities exchanges in the United States or European Union.

9. Miscellaneous.

(a) Severability. If any provision of this Agreement shall be found by any arbitrator or court of competent jurisdiction to be invalid or unenforceable, then the parties hereby waive such provision to the extent that it is found to be invalid or unenforceable and to the extent that to do so would not deprive one of the parties of the substantial benefit of its bargain. Such provision shall, to the extent allowable by law and the preceding sentence, be modified by such arbitrator or court so that it becomes enforceable and, as modified, shall be enforced as any other provision hereof, all the other provisions continuing in full force and effect.

(b) No Waiver. The failure by either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way affect the right to require such performance or compliance at any time thereafter. The waiver by either party of a breach of any provision hereof shall not be taken or held to be a waiver of any preceding or succeeding breach of such provision or as a waiver of the provision itself. No waiver of any kind shall be effective or binding, unless it is in writing and is signed by the party against whom such waiver is sought to be enforced.

(c) Assignment. This Agreement and all rights hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights, together with its obligations hereunder, to any parent, subsidiary, affiliate or successor, or in connection with any sale, transfer or other disposition of all or substantially all of its business and assets; *provided*, *however*, that any such assignee assumes the Company's obligations hereunder.

(d) Withholding. All sums payable to the Executive hereunder shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.

(e) Entire Agreement. This Agreement, including the agreements referred to herein (which are deemed incorporated by reference herein) constitute the entire and only agreement and understanding between the parties governing the terms and conditions of employment of the Executive with the Company and this Agreement supersedes and cancels any and all previous contracts, arrangements or understandings with governing the terms and conditions of the Executive's employment by the Company. In the event of any conflict between the terms of any other agreement between the Executive and the Company entered into prior to the Effective Date, the terms of this Agreement shall control.

(f) Amendment. This Agreement may be amended, modified, superseded, cancelled, renewed or extended only by an agreement in writing executed by both parties hereto.

(g) Headings. The headings contained in this Agreement are for reference purposes only and shall in no way affect the meaning or interpretation of this Agreement. In this Agreement, the singular includes the plural, the plural included the singular, the masculine gender includes both male and female referents, and the word "or" is used in the inclusive sense.

(h) Notices. Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of personal delivery (including, personal delivery by facsimile transmission or the third day after mailing by first class mail) to the Company at its primary office location and to the Executive at his address as listed on the Company payroll (which address may be changed by written notice).

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which, taken together, constitute one and the same agreement.

(j) Governing Law, Forum Selection, Jury Waiver. This Agreement and the rights and obligations of the parties hereto shall be construed in accordance with the laws of the State of California without giving effect to the principles of conflict of laws. Any action, suit or other legal proceeding that is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of New Jersey (or, if appropriate, a federal court located within Southern District of Jersey), and the Company and the Executive each consents to the jurisdiction of such a court. *Both the Company and the Executive expressly waive any right that any party either has or may have to a jury trial of any dispute arising out of or in any way related to the Executive's employment with or termination from the Company*.

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IN WITNESS WHEREOF, the Company and the Executive have executed this Executive Employment Agreement as of the date first above written.

PACIRA PHARMACEUTICALS, INC.:

By: /s/ Richard Kahr
Richard Kahr
VP, Human Resources

EXECUTIVE:

/s/ Robert Weiland
Robert Weiland

Exhibit 31.1

CERTIFICATION

I, David Stack, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pacira Pharmaceuticals, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ David Stack

David Stack
Chief Executive Officer and Chairman
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Charles A. Reinhart, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pacira Pharmaceuticals, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 4, 2017

/s/ Charles A. Reinhart, III

Charles A. Reinhart, III

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. §1350

Pursuant to 18 U.S.C. §1350, the undersigned certifies that this Quarterly Report on Form 10-Q of Pacira Pharmaceuticals, Inc. for the quarter ended March 31, 2017, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of Pacira Pharmaceuticals, Inc.

Date: May 4, 2017

/s/ David Stack

David Stack

Chief Executive Officer and Chairman

(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. §1350

Pursuant to 18 U.S.C. §1350, the undersigned certifies that this Quarterly Report on Form 10-Q of Pacira Pharmaceuticals, Inc. for the quarter ended March 31, 2017, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of Pacira Pharmaceuticals, Inc.

Date: May 4, 2017

/s/ Charles A. Reinhart, III

Charles A. Reinhart, III

Chief Financial Officer

(Principal Financial Officer)