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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 June 30, 2014

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 100
Parsippany, New Jersey, 07054
(Address of Principal Executive Offices and Zip Code)

(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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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 ☐

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 July 25, 2014, 35,891,951 shares of the registrant's common stock, $0.001 par value per share, were outstanding.

PACIRA PHARMACEUTICALS, INC.
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PART I — FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS***

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED BALANCE SHEETS

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

	June 30, 2014	December 31, 2013
		(Note 2)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 108,200	$ 12,515
Restricted cash	2,168	1,633
Short-term investments	55,660	59,637
Accounts receivable, net	20,545	14,590
Inventories	19,194	15,557
Prepaid expenses and other current assets	3,139	2,819
Total current assets	208,906	106,751
Long-term investments	13,474	—
Fixed assets, net	53,513	48,182
Goodwill	12,520	10,328
Intangibles, net	564	1,157
Other assets	3,103	3,402
Total assets	$ 292,080	$ 169,820
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,145	$ 3,069
Accrued expenses	23,035	17,885
Convertible senior notes	101,031	98,961
Current portion of royalty interest obligation	869	1,020
Current portion of deferred revenue	1,426	1,008
Total current liabilities	129,506	121,943
Royalty interest obligation	—	226
Deferred revenue	10,221	3,212
Other liabilities	4,384	3,190
Total liabilities	144,111	128,571
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, par value $0.001; 5,000,000 shares authorized, none issued and outstanding at June 30, 2014 and December 31, 2013	—	—
Common stock, par value $0.001, 250,000,000 shares authorized; 35,836,959 shares issued and outstanding at June 30, 2014; 33,636,442 shares issued and outstanding at December 31, 2013	36	34
Additional paid-in capital	460,907	337,639
Accumulated deficit	(312,943)	(296,429)
Accumulated other comprehensive income (loss)	(31)	5
Total stockholders' equity	147,969	41,249
Total liabilities and stockholders' equity	$ 292,080	$ 169,820

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	**2013**	**2014**	**2013**
Revenues:				
Net product sales	$ 46,034	$ 16,278	$ 81,776	$ 27,113
Collaborative licensing and development revenue	322	243	574	486
Royalty revenue	809	620	1,478	1,129
Total revenues	47,165	17,141	83,828	28,728
Operating expenses:				
Cost of goods sold	19,954	10,214	38,081	21,605
Research and development	5,216	4,857	10,420	10,762
Selling, general and administrative	24,837	14,080	47,426	27,017
Total operating expenses	50,007	29,151	95,927	59,384
Loss from operations	(2,842)	(12,010)	(12,099)	(30,656)
Other (expense) income:				
Interest income	61	72	103	145
Interest expense	(2,079)	(1,914)	(4,185)	(3,433)
Loss on early extinguishment of debt	—	—	—	(3,398)
Royalty interest obligation	(136)	(161)	(256)	(247)
Other, net	(41)	(18)	(77)	(22)
Total other expense, net	(2,195)	(2,021)	(4,415)	(6,955)
Loss before income taxes	(5,037)	(14,031)	(16,514)	(37,611)
Income tax benefit	—	—	—	442
Net loss	$ (5,037)	$ (14,031)	$ (16,514)	$ (37,169)
Net loss per share:				
Basic and diluted net loss per common share	$ (0.14)	$ (0.42)	$ (0.48)	$ (1.13)
Weighted average common shares outstanding:				
Basic and diluted	35,463	33,083	34,587	32,896

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net loss	$ (5,037)	$ (14,031)	$ (16,514)	$ (37,169)
Other comprehensive loss:				
Net unrealized loss on investments	(36)	(31)	(36)	(14)
Total other comprehensive loss	(36)	(31)	(36)	(14)
Comprehensive loss	$ (5,073)	$ (14,062)	$ (16,550)	$ (37,183)

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Six Months Ended June 30, 2014

(Unaudited)
(In thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balances at December 31, 2013	33,636	$ 34	$ 337,639	$ (296,429)	$ 5	$ 41,249
Follow-on public offering, net	1,840	2	110,405	—	—	110,407
Exercise of stock options	326	—	3,351	—	—	3,351
Cashless exercise of warrants	35	—	—	—	—	—
Stock-based compensation	—	—	9,512	—	—	9,512
Net unrealized loss on investments	—	—	—	—	(36)	(36)
Net loss	—	—	—	(16,514)	—	(16,514)
Balances at June 30, 2014	35,837	$ 36	$ 460,907	$ (312,943)	$ (31)	$ 147,969

See accompanying condensed notes to consolidated financial statements.

PACIRA PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2014	**2013**
Operating activities:		
Net loss	$ (16,514)	$ (37,169)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation of fixed assets and amortization of intangibles	4,936	2,717
Amortization of unfavorable lease obligation and debt issuance costs	243	216
Amortization of debt discount	2,069	1,890
Loss on disposal of fixed assets	157	31
Loss on early extinguishment of debt	—	3,398
Stock-based compensation	9,512	4,450
Changes in operating assets and liabilities:		
Restricted cash	(535)	525
Accounts receivable, net	(5,955)	(3,403)
Inventories	(3,637)	(2,144)
Prepaid expenses and other assets	(332)	(711)
Accounts payable and accrued expenses	5,226	3,260
Royalty interest obligation	(377)	(205)
Other liabilities	1,263	532
Deferred revenue	7,426	(486)
Net cash provided by (used in) operating activities	3,482	(27,099)
Investing activities:		
Purchases of fixed assets	(9,831)	(4,672)
Purchases of short-term investments	(52,992)	(87,220)
Sales of short-term investments	56,941	30,800
Purchases of long-term investments	(13,481)	—
Payment of contingent consideration	(2,192)	(682)
Net cash used in investing activities	(21,555)	(61,774)
Financing activities:		
Proceeds from follow-on public offering, net	110,407	—
Proceeds from exercise of stock options and warrants	3,351	2,064
Proceeds from convertible senior notes	—	120,000
Repayment of debt	—	(27,500)
Payment of debt issuance and financing costs	—	(7,191)
Net cash provided by financing activities	113,758	87,373
Net increase (decrease) in cash and cash equivalents	95,685	(1,500)
Cash and cash equivalents, beginning of period	12,515	10,126
Cash and cash equivalents, end of period	$ 108,200	$ 8,626
Supplemental cash flow information:		
Cash paid for interest, including royalty interest obligation	$ 2,583	$ 846
Non-cash investing and financing activities:		
Equity component of convertible senior notes	$ —	$ 24,936

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, commercialization and manufacture of proprietary pharmaceutical products, based on its proprietary DepoFoam® extended release drug delivery technology, for use in hospitals and ambulatory surgery centers. The Company's lead product EXPAREL®, 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 commercial product, DepoCyt(e), which the Company manufactures for its commercial partners.

Pacira Pharmaceuticals, Inc. is the holding company for the California operating subsidiary of the same name, also referred to as PPI-California, which was acquired from Skyepharma Holding, Inc., or Skyepharma, in March 2007, referred to herein as the Acquisition.

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 customers and 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

The 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 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, 2013.

The consolidated financial statements at June 30, 2014, and for the three and six months ended June 30, 2014 and 2013, 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 balance sheet as of December 31, 2013 has been derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. 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 period or for the full year. The Company has incurred losses since inception.

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 three largest customers (i.e., wholesalers or commercial partners) in each period presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Largest customer	33%	35%	33%	35%
Second largest customer	29%	27%	29%	27%
Third largest customer	23%	17%	23%	17%
	85%	79%	85%	79%

No other individual customer accounted for more than 10% of the Company's revenues for these periods.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update 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. This update will replace existing revenue recognition guidance under GAAP when it becomes effective for the Company beginning January 1, 2017, with early adoption not permitted. The updated standard will permit the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the impact of this update on its consolidated financial statements.

NOTE 3—INVENTORIES

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

	June 30, 2014	December 31, 2013
Raw materials	$ 7,369	$ 5,290
Work-in-process	5,470	6,321
Finished goods	6,355	3,946
Total	$ 19,194	$ 15,557

NOTE 4—FIXED ASSETS

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

	June 30, 2014	December 31, 2013
Machinery and laboratory equipment	$ 22,148	$ 19,570
Computer equipment and software	3,071	2,476
Office furniture and equipment	479	441
Leasehold improvements	25,902	24,852
Construction in progress	17,237	13,419
Total	68,837	60,758
Less accumulated depreciation	(15,324)	(12,576)
Fixed assets, net	$ 53,513	$ 48,182

For the three months ended June 30, 2014 and 2013, depreciation expense was $2.3 and $0.8 million, respectively, and for the six months ended June 30, 2014 and 2013, depreciation expense was $4.3 and $1.7 million, respectively. For the three months ended June 30, 2014 and 2013, the Company capitalized interest on the construction of its manufacturing sites of $0.1 and $0.3 million, respectively, and for the six months ended June 30, 2014 and 2013, capitalized interest was $0.1 and $0.6 million, respectively.

NOTE 5—GOODWILL AND INTANGIBLE ASSETS

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 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 EXPAREL collected and certain other yet-to-be-developed products, as well as milestone payments for EXPAREL, as follows:

(i) $10.0 million upon first commercial sale in the United States;
(ii) $4.0 million upon first commercial sale in a major EU country (United Kingdom, France, Germany, Italy and Spain);
(iii) $8.0 million when annual net sales collected reach $100.0 million;
(iv) $8.0 million when annual net sales collected reach $250.0 million; 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. Cumulatively through June 30, 2014, the Company has recorded an additional $4.6 million as goodwill for earn-out payments which are a percentage of net sales of EXPAREL collected. 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):

Balance at December 31, 2013	$ 10,328
Percentage payments on net sales of EXPAREL collected	2,192
Balance at June 30, 2014	$ 12,520

Intangible assets, net, consist of core technology, developed technology and trademarks and trade names acquired in the Acquisition and are summarized as follows (in thousands):

June 30, 2014	Gross Carrying Value	Accumulated Amortization	Intangible Assets, Net	Estimated Useful Life
Amortizable intangible assets:				
Core technology	$ 2,900	$ (2,336)	$ 564	9 Years
Developed technology	11,700	(11,700)	—	7 Years
Trademarks and trade names	400	(400)	—	7 Years
Total intangible assets	$ 15,000	$ (14,436)	$ 564	

December 31, 2013	Gross Carrying Value	Accumulated Amortization	Intangible Assets, Net	Estimated Useful Life
Amortizable intangible assets:				
Core technology	$ 2,900	$ (2,175)	$ 725	9 Years
Developed technology	11,700	(11,282)	418	7 Years
Trademarks and trade names	400	(386)	14	7 Years
Total intangible assets	$ 15,000	$ (13,843)	$ 1,157	

Amortization expense for intangibles was $0.1 million for the three months ended June 30, 2014 and $0.5 million for the three months ended June 30, 2013. Amortization expense was $0.6 million for the six months ended June 30, 2014 and $1.0 million for the six months ended June 30, 2013. The approximate amortization expense for intangibles, all of which are subject to amortization on a straight-line basis, is as follows (in thousands):

	Total
2014 (remaining six months)	$ 161
2015	322
2016	81
Total	$ 564

NOTE 6—DEBT

The composition of the Company's debt and financing obligations is as follows (in thousands):

	June 30, 2014	December 31, 2013
Debt:		
Convertible senior notes	$ 120,000	$ 120,000
Discount on debt	(18,969)	(21,039)
Total debt, net of debt discount	101,031	98,961
Royalty interest obligation	869	1,246
Total debt and financing obligations	$ 101,900	$ 100,207

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 Notes, and entered into an indenture agreement, or Indenture, with respect to the Notes. The 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 Notes mature on February 1, 2019.

The net proceeds from the offering of the Notes were $115.3 million after deducting the initial purchasers' discounts and commissions and the offering expenses payable by the Company. The net proceeds from the Notes were used by the Company to repay the entire balance of the Company's then existing credit facility. In connection with the extinguishment of the credit facility, the Company prepaid the remaining principal amount of $27.5 million, a $1.7 million end of term fee, a $0.8 million prepayment penalty and $0.2 million of accrued interest. The Company recorded a loss on extinguishment of debt of $3.4 million, comprised of the prepayment penalty, the remaining unamortized debt issuance costs and the end of term fee.

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 Notes at any time. Upon conversion, holders will receive cash up to the principal amount of the Notes and, with respect to any excess conversion value, 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 Notes was 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 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 Notes prior to August 1, 2018, only if certain circumstances are met. One such circumstance which would allow conversion of the Notes during a calendar quarter would be 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 June 30, 2014, this condition for conversion was met. As a result, the Notes are classified as a current obligation and will be convertible until September 30, 2014. As of June 30, 2014, the Notes had a market price of $3,734 per $1,000 principal amount, compared to an estimated conversion value of $3,701. Since the market price of the Notes is currently above the estimated conversion value, the Company does not anticipate that holders will elect to convert their Notes. Additionally, in the event of conversion, holders would forgo all future interest payments, any unpaid accrued interest and the possibility of further stock price appreciation. If conversion requests are received, the settlement of the Notes will be paid pursuant to the terms of the Indenture, which state that the principal must be settled in cash. In the event that all of the Notes are converted, the Company would be required to repay the $120.0 million in principal value and issue approximately 3.5 million shares of its common stock to settle the conversion premium as of June 30, 2014, causing dilution to the Company's shareholders.

While the Notes are classified in the Company's consolidated balance sheets at June 30, 2014 and December 31, 2013 as a current obligation, 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 Notes continue to have the election to convert the Notes at any time during the prescribed measurement period, the Notes will continue to be considered a current obligation and classified as such. Prior to February 1, 2018, in the event that none of the conversion conditions are satisfied, the Notes would be reclassified as a long-term liability.

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 Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The equity component is recorded in additional paid-in capital in the consolidated balance sheet at the issuance date and that equity component is treated as a discount on the liability component of the Notes. The initial carrying value of the liability component of $95.1 million was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying value of the equity component, representing the conversion option, was determined by deducting the fair value of the liability component from the par value of the Notes. 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 $4.7 million related to the issuance of the Notes to the liability and equity components of the Notes based on their relative values. Transaction costs attributable to the liability component are amortized to interest expense over the six-year term of the Notes, and transaction costs attributable to the equity component are netted with the equity component in stockholders' equity.

The following table sets forth the total interest expense recognized in relation to the Notes (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Contractual interest expense	$ 975	$ 975	$ 1,950	$ 1,723
Amortization of debt issuance costs	155	155	310	274
Amortization of debt discount	1,035	1,035	2,069	1,828
	$ 2,165	$ 2,165	$ 4,329	$ 3,825
Effective interest rate	7.22%	7.22%	7.22%	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 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, restricted cash, 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 Notes at June 30, 2014 is calculated utilizing market quotations from an over-the-counter trading market for these Notes (Level 2). The carrying amount and fair value of the Notes are as follows (in thousands):

Financial Liabilities Carried at Historical Cost	Carrying Value	Fair Value Measurements Using Level 1	Level 2	Level 3
June 30, 2014				
Convertible senior notes *	$ 101,031	$ —	$ 448,050	$ —

* The fair value of the Notes was based on the Company's closing stock price of $91.86 per share at June 30, 2014 compared to a conversion price of $24.82 per share which, if converted, would result in an approximate conversion premium of 3.5 million shares or $324 million of cash. The maximum conversion premium that can be due on the Notes is 4.8 million shares, which assumes no increases in the conversion rate for certain corporate events.

Short-term investments consist of investment grade commercial paper, asset-backed securities collateralized by credit card receivables and corporate bonds with initial maturities of greater than three months at the date of purchase, but less than one year. Long-term investments consist of corporate bonds with initial maturities greater than one year at the date of purchase. The net unrealized gains from the Company's short-term and long-term investments are reported in other comprehensive loss. At June 30, 2014, all of the Company's short-term and long-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 corporate bonds and asset-backed securities 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 June 30, 2014, the Company's short-term investments were rated A or better by Standard & Poor's and had maturities ranging from 189 to 365 days from the date of purchase. The Company's long-term investments were also rated A or better by Standard & Poor's and had maturities ranging from 20 to 36 months from the date of purchase.

The following summarizes the Company's investments at June 30, 2014 and December 31, 2013 (in thousands):

June 30, 2014	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Level 2)
Debt securities:				
Short-term				
Commercial paper	$ 12,264	$ 10	$ —	$ 12,274
Corporate bonds	43,420	2	(36)	43,386
Subtotal	55,684	12	(36)	55,660
Long-term				
Corporate bonds	13,481	2	(9)	13,474
Total	$ 69,165	$ 14	$ (45)	$ 69,134

December 31, 2013	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Level 2)
Debt securities:				
Commercial paper	$ 17,986	$ 11	$ —	$ 17,997
Corporate bonds	30,808	1	(7)	30,802
Asset-backed securities	10,838	1	(1)	10,838
Total	$ 59,632	$ 13	$ (8)	$ 59,637

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 June 30, 2014, 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, long-term investments and accounts receivable. The Company maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally-insured limits. The Company performs ongoing credit evaluations of its customers as warranted and generally does not require collateral.

As of June 30, 2014, three customers each accounted for over 10% of the Company's accounts receivable, at 39%, 27% and 23%, respectively (for a definition of the Company's customers, see Note 2, *Summary of Significant Accounting Policies*, under concentration of major customers). At December 31, 2013, three customers each accounted for over 10% of the Company's accounts receivable, at 31%, 31% and 20%, respectively. Revenues are primarily derived from major wholesalers and pharmaceutical companies that generally have significant cash resources. Allowances for doubtful accounts receivable are maintained based on historical payment patterns, aging of accounts receivable and actual write-off history. As of June 30, 2014 and December 31, 2013, 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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Cost of goods sold	$ 641	$ 391	$ 1,135	$ 626
Research and development	2,137	509	3,714	1,465
Selling, general and administrative	2,759	1,325	4,663	2,359
Total	$ 5,537	$ 2,225	$ 9,512	$ 4,450

Stock Incentive Plans

In April 2014, the Company's board of directors adopted the 2014 Inducement Plan which authorized 175,000 shares of common stock to be granted as equity awards to new employees. In June 2014, the Company's board of directors adopted an amendment to the 2011 Stock Incentive Plan, now known as the Amended and Restated 2011 Stock Incentive Plan. Under the amendment, an additional 2,750,000 shares of common stock were authorized for issuance as equity awards under the plan. Both the Amended and Restated 2011 Stock Incentive Plan and 2014 Inducement Plan were subsequently ratified by the Company's stockholders and became effective on June 3, 2014.

2014 Employee Stock Purchase Plan

In April 2014, the Company's board of directors adopted the 2014 Employee Stock Purchase Plan, or ESPP, which was subsequently ratified by the Company's stockholders and became effective on June 3, 2014. The purpose of the ESPP is to provide a vehicle for eligible employees to purchase shares of the Company's common stock at a discounted price and to help retain and motivate current employees as well as attract new talent. Under the ESPP, up to 500,000 shares of common stock may be sold under the plan which expires on June 3, 2024. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code. The initial offering period of the ESPP is expected to commence during the second half of 2014. Thereafter, six month offering periods will begin on January 1 and July 1 of each year. During an offering period, eligible employees will have the opportunity to elect to purchase shares of the Company's common stock on the purchase dates of June 30 and December 31. The per share purchase price will be equal to the lesser of 85% of the fair market value of the Company's common stock on either the offering date or the purchase date. As of June 30, 2014, no stock-based compensation expense has been recognized under the ESPP.

The following tables contain information about the Company's stock plans at June 30, 2014:

Stock Incentive Plan	Awards Reserved for Issuance	Awards Issued	Awards Available for Grant
2007 Stock incentive plan	2,022,862	2,022,862	—
Amended and restated 2011 stock incentive plan	5,931,675	4,306,663	1,625,012
2014 Inducement plan	175,000	80,000	95,000
	8,129,537	6,409,525	1,720,012

Employee Stock Purchase Plan	Shares Reserved for Purchase	Shares Purchased	Shares Available for Purchase
2014 Employee stock purchase plan	500,000	—	500,000

The following table summarizes the Company's stock option activity and related information for the six months ended June 30, 2014:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2013	3,840,038	$ 13.50
Granted	1,458,200	77.92
Exercised	(326,290)	10.28
Forfeited	(86,753)	31.11
Expired	(237)	15.24
Outstanding at June 30, 2014	4,884,958	$ 32.64

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):

	Six Months Ended June 30,	
	2014	2013
Net unrealized gains (losses) from available for sale investments:		
Balance at beginning of period	$ 5	$ 27
Other comprehensive loss before reclassifications	(36)	(14)
Amounts reclassified from accumulated other comprehensive income	—	—
Balance at end of period	$ (31)	$ 13

Underwritten Public Offering

In April 2014, the Company completed an underwritten public offering of 1,840,000 shares of common stock, including the shares issued to cover the underwriters' overallotment option, at $64.00 per share. The Company received proceeds of $110.4 million as a result of the offering, net of underwriters' fees and related expenses.

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 share is calculated by dividing the net income (loss) attributable to common shares by the weighted average number of 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 (using the treasury stock method) and the conversion of the excess conversion value on the Notes. As discussed in Note 6, *Debt,* the Company must settle the principal of the Notes in cash upon conversion, and it may settle any conversion premium in either cash or stock at the Company's discretion. For purposes of calculating the dilutive impact, it is presumed that the conversion premium will be settled in common stock.

Potential common shares are excluded from the diluted net income (loss) per share computation to the extent that they would be antidilutive. Because the Company reported a net loss for all periods presented, no potentially dilutive securities have been included in the computation of diluted net loss per share.

The following table sets forth the computation of basic and diluted loss per share for the three and six months ended June 30, 2014 and 2013 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Numerator:				
Net loss	$ (5,037)	$ (14,031)	$ (16,514)	$ (37,169)
Denominator:				
Weighted average shares of common stock outstanding	35,463	33,083	34,587	32,896
Net loss per share:				
Basic and diluted net loss per share of common stock	$ (0.14)	$ (0.42)	$ (0.48)	$ (1.13)

For the three month periods ended June 30, 2014 and 2013, the number of potential common shares which were excluded from the diluted net loss per share calculation using the treasury stock method was 5.3 million and 2.8 million, respectively. For the six month periods ended June 30, 2014 and 2013, the number of potential common shares which were excluded from the diluted net loss per share calculation using the treasury stock method was 5.2 million and 2.4 million, respectively.

The following outstanding stock options, warrants and the premium on convertible notes which could dilute basic earnings per share in the future are as follows (in thousands):

	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Weighted average number of stock options outstanding	4,146	4,006
Conversion premium on the Notes	3,259	3,165
Weighted average number of warrants outstanding	46	52
Total	7,451	7,223

NOTE 11—TAX

Income Tax Benefit

For the six months ended June 30, 2014, there was no provision for income taxes since the Company has incurred net operating losses since inception.

During the six months ended June 30, 2013, the Company received $0.4 million from the sale of unused net operating losses through the State of New Jersey's Economic Development Authority Technology Business Tax Certificate Transfer Program. As a result, the Company recorded an income tax benefit by reversing the valuation allowance for the related net deferred tax assets. The Company continues to maintain a full valuation allowance on its remaining net deferred tax assets because there is significant doubt regarding the Company's ability to utilize such net deferred tax assets.

NOTE 12—COMMITMENTS AND CONTINGENCIES

Leases

The Company leases research and development, manufacturing and warehouse facilities in San Diego, California and its corporate headquarters in Parsippany, New Jersey. The three leases in San Diego run through August 2020. In March 2014, the Company amended the lease for its corporate headquarters which increased the size of the leased premises and extended the lease term through February 2028.

As of June 30, 2014, annual aggregate minimum payments due under the Company's lease obligations are as follows (in thousands):

Year		
2014 (remaining six months)	$	2,518
2015		5,297
2016		5,436
2017		5,578
2018		5,725
2019 through 2028		15,899
Total	$	40,453

Manufacturing Capacity Agreements

In April 2014, the Company and Patheon UK Limited, or Patheon, entered into a Strategic Co-Production Agreement and Technical Transfer and Service Agreement to collaborate in the manufacture and packaging 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, United Kingdom facility for the manufacture and packaging of EXPAREL in two dedicated manufacturing suites. This agreement will remain in full effect unless and until it expires or is terminated. Upon termination of this agreement (other than termination by the Company in the event that Patheon does not meet the construction and manufacturing milestones or for a breach by Patheon), the Company will pay for the make good costs occasioned by the removal of its manufacturing equipment and for Patheon's termination costs up to a maximum amount of $2.0 million.

The Company also entered into a Manufacturing and Supply Agreement with Patheon. Under the terms of the Manufacturing and Supply Agreement, following the FDA approval date of the suites, Pacira has agreed to purchase finished, packaged or unpackaged product from Patheon. Unless earlier terminated, this agreement will expire on the 10th anniversary of the FDA approval date for the initial manufacturing suite.

Future expenditures associated with the aforementioned agreements are primarily driven by the potential commercial requirements and demand for the Company's products which cannot be fully determined at this time.

Supply Agreements

The Company granted Mundipharma International Corporation Limited, or Mundipharma, rights to DepoCyte® in certain countries. In April 2014, the Company and Mundipharma amended their agreements to, among other things, (i) extend the term of such agreements by an additional 15 years to June 2033 and (ii) expand the territories where Mundipharma can market and distribute DepoCyte to all countries other than the United States of America, Canada, and Japan. In connection with the agreements, the Company received a non-refundable upfront payment of $8.0 million in May 2014 for which the revenue has been deferred and will be recognized over the remaining contractual term.

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. 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.

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 contains 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 be 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®; 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 indications of EXPAREL, including nerve block and the related timing and success of a U.S. Food and Drug Administration, or FDA, supplemental New Drug Application, or sNDA; the Company's plans to evaluate and pursue additional DepoFoam-based product candidates; clinical studies 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); and our commercialization and marketing capabilities. 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, 2013 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 focused on the development, commercialization and manufacture of proprietary pharmaceutical products, based on our proprietary DepoFoam drug delivery technology, for use primarily in hospitals and ambulatory surgery centers. As of June 30, 2014, our commercial stage products are EXPAREL and DepoCyt(e).

- EXPAREL is a liposome injection of bupivacaine, an amide-type local anesthetic indicated for administration into the surgical site to produce postsurgical analgesia, and was approved by the FDA on October 28, 2011. We commercially launched EXPAREL 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 U.S. and Europe.

Since inception, we have incurred significant operating losses. We expect to continue to incur significant expenses as we commercialize EXPAREL; pursue the use of EXPAREL in additional indications, such as nerve block; advance the development of product candidates; 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 and expand and enhance our manufacturing capacity.

Recent Highlights and Developments

- Since the commercial launch of EXPAREL in April 2012, 2,815 accounts have ordered EXPAREL, 363 of which were added during the quarter ended June 30, 2014. The growing demand for EXPAREL is largely due to growth within existing accounts and increasing acceptance by major hospitals and orthopedic centers as a result of the rapid adoption of EXPAREL in orthopedic procedures as well as continued adoption of transversus abdominis plane, or TAP, infiltration procedures for abdominal and genitourinary surgeries.

- Total revenues increased $30.0 million, or 175%, in the quarter ended June 30, 2014, as compared to the same period in 2013, primarily driven by EXPAREL product sales of $44.9 million.

- In March 2014, the FDA approved an additional bulk manufacturing suite, or Suite C, for EXPAREL, which will more than double our manufacturing capacity.

- In April 2014, we and Patheon UK Limited, or Patheon, entered into a Strategic Co-Production Agreement, Technical Transfer and Service Agreement and Manufacturing Supply Agreement to collaborate in the manufacture and packaging of EXPAREL. Patheon has agreed to undertake certain technical transfer activities and construction services needed to prepare its Swindon, United Kingdom facility for the manufacture and packaging of EXPAREL in two dedicated manufacturing suites. We expect the first suite to begin commercial production in the second half of 2016. We expect that the expansion of our manufacturing capacity with Patheon, coupled with our manufacturing facility at our Science Center Campus, will enable us to meet the growing demand for EXPAREL.

- In April 2014, we completed an underwritten public offering, selling 1,840,000 shares of common stock, which included the underwriters' exercise of the over-allotment option, at an offering price of $64.00 per share. We received net proceeds after underwriting fees and related expenses of $110.4 million.

- In April 2014, we and Mundipharma International Corporation Limited, or Mundipharma, amended our agreements to, among other things, (i) extend the term of such agreements by an additional 15 years to June 2033 and (ii) expand the territory where Mundipharma can market and distribute DepoCyte to all countries other than the United States of America, Canada, and Japan. In connection with the agreements, we received a non-refundable upfront payment of $8.0 million from Mundipharma. The revenue has been deferred and will be recognized over the remaining contractual term.

- In May 2014, we announced the submission of an sNDA for a nerve block indication based on data from a Phase 3 study demonstrating the efficacy and safety of EXPAREL in femoral nerve block for total knee arthroplasty, as well as data from a Phase 3 study in intercostal nerve block for thoracotomy. The FDA has accepted our sNDA for review and has set a Prescription Drug User Fee Act action date of March 5, 2015.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2014 and 2013

Revenues

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Increase / (Decrease)	2014	2013	% Increase / (Decrease)
Net product sales:						
EXPAREL	$ 44,914	$ 15,223	195%	$ 79,316	$ 25,664	209%
DepoCyt(e)	1,120	1,055	6%	2,460	1,449	70%
Total net product sales	46,034	16,278	183%	81,776	27,113	202%
Collaborative licensing and development revenue	322	243	33%	574	486	18%
Royalty revenue	809	620	30%	1,478	1,129	31%
Total revenues	$ 47,165	$ 17,141	175%	$ 83,828	$ 28,728	192%

Total revenues increased by $30.0 million, or 175%, to $47.2 million in the three months ended June 30, 2014, as compared to $17.1 million in the three months ended June 30, 2013. The increase was driven by EXPAREL net product sales, which for the three months ended June 30, 2014 were $44.9 million, a $29.7 million increase over the three months ended June 30, 2013. Since the launch of EXPAREL in April 2012 through the end of the second quarter of 2014, 2,815 accounts have ordered EXPAREL, compared to 1,435 at the end of the second quarter of 2013. During the second quarter of 2014, we added 363 new accounts. The strong demand for EXPAREL has continued as a result of new accounts and growth within existing accounts, which has been driven by major hospital system formulary wins due to rapid adoption in orthopedic procedures as well as continued adoption of TAP infiltration procedures for abdominal and genitourinary surgeries. In addition, the completion of drug utilization evaluations has led to a reduction of formulary restrictions, improving physician access. DepoCyt(e) net product sales were $1.1 million in both the three months ended June 30, 2014 and 2013, respectively.

Total revenues increased by $55.1 million, or 192%, to $83.8 million in the six months ended June 30, 2014, as compared to $28.7 million in the six months ended June 30, 2013, also primarily attributable to increases in EXPAREL net product sales as a result of new accounts and growth within existing accounts, which has been driven by major hospital system formulary wins due to rapid adoption in orthopedic procedures and continued adoption of TAP infiltration procedures for abdominal and genitourinary surgeries. DepoCyt(e) net product sales increased by $1.0 million, or 70%, to $2.5 million in the six months ended June 30, 2014, compared to $1.5 million in the six months ended June 30, 2013.

Cost of Goods Sold

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

	Three Months Ended June 30,		% Increase / (Decrease)	Six Months Ended June 30,		% Increase / (Decrease)
	2014	2013		2014	2013	
Cost of goods sold	$ 19,954	$ 10,214	95%	$ 38,081	$ 21,605	76%
Gross margin *	57%	40%		54%	24%	

* The gross margin calculation excludes collaborative licensing and development revenue.

Cost of goods sold increased by $9.7 million, or 95%, to $20.0 million in the three months ended June 30, 2014, compared to $10.2 million for the three months ended June 30, 2013. Cost of goods sold increased by $16.5 million, or 76%, to $38.1 million in the six months ended June 30, 2014, compared to $21.6 million for the six months ended June 30, 2013. Cost of goods sold increased primarily due to a higher volume of EXPAREL sales. The improvement in the gross margin for the three and six months ended June 30, 2014 as compared to the same periods in 2013 was driven by the increased utilization of our facilities to manufacture EXPAREL and a resulting reduction in cost of goods sold per unit. The cost per unit was positively impacted by the commencement of commercial production in Suite C.

Research and Development Expense

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

	Three Months Ended June 30,		% Increase / (Decrease)	Six Months Ended June 30,		% Increase / (Decrease)
	2014	2013		2014	2013	
Research and development expense	$ 5,216	$ 4,857	7%	$ 10,420	$ 10,762	(3)%

Research and development expenses increased by $0.3 million, or 7%, to $5.2 million in the three months ended June 30, 2014, as compared to $4.9 million in the three months ended June 30, 2013, due to the following:

- Salaries and benefits increased by $1.7 million, which was almost entirely attributable to the revaluation of stock options held by consultants; and
- Clinical development expenses decreased by $1.3 million primarily relating to the conclusion of our Phase 3 pivotal trial of EXPAREL administered as an intercostal nerve block for thoracotomy in August 2013 and our

Phase 2/3 pivotal trial of EXPAREL administered as a femoral nerve block for total knee arthroplasty in February 2014.

Research and development expenses decreased by $0.4 million, or 3%, to $10.4 million in the six months ended June 30, 2014, as compared to $10.8 million in the six months ended June 30, 2013, due to the following:

- Clinical development expenses decreased by $2.7 million relating to the conclusion of our Phase 3 pivotal trial of EXPAREL administered as an intercostal nerve block for thoracotomy in August 2013 and our Phase 2/3 pivotal trial of EXPAREL administered as a femoral nerve block for total knee arthroplasty in February 2014;

- Salaries and benefits increased by $2.3 million, which was almost entirely attributable to the revaluation of stock options held by consultants.

Selling, General and Administrative Expense

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

	Three Months Ended June 30,		% Increase / (Decrease)	Six Months Ended June 30,		% Increase / (Decrease)
	2014	2013		2014	2013	
General and administrative	$ 7,867	$ 4,655	69%	$ 15,297	$ 9,331	64%
Sales and marketing	16,970	9,425	80%	32,129	17,686	82%
Total selling, general and administrative expense	$ 24,837	$ 14,080	76%	$ 47,426	$ 27,017	76%

Selling, general and administrative expenses increased by $10.8 million, or 76%, to $24.8 million in the three months ended June 30, 2014, as compared to $14.1 million in the three months ended June 30, 2013, due to the following:

- General and administrative expenses increased by $3.2 million, due to increases in salaries and benefits associated with our increased headcount, and other regulatory, legal and support initiatives to support the commercial and manufacturing growth of EXPAREL; and

- Sales and marketing expenses increased by $7.5 million due to $4.4 million in project spend for EXPAREL, which included educational initiatives and programs to create product awareness in the orthopedic and soft tissue markets, commission based payments to CrossLink BioScience, LLC, or CrossLink, and selling and promotional activities to support the growth of EXPAREL. Salaries and benefits increased $3.1 million primarily driven by an increase in our sales force and field-based medical health science personnel.

Selling, general and administrative expenses increased by $20.4 million, or 76%, to $47.4 million in the six months ended June 30, 2014, as compared to $27.0 million in the six months ended June 30, 2013, due to the following:

- General and administrative expenses increased by $6.0 million, due to increases in salaries and benefits associated with our increased headcount, and other regulatory, legal and support initiatives to support the commercial and manufacturing growth of EXPAREL; and

- Sales and marketing expenses increased by $14.4 million due to $8.5 million in project spend for EXPAREL, which included educational initiatives and programs to create product awareness in the orthopedic and soft tissue markets, commission based payments to CrossLink and selling and promotional activities to support the growth of EXPAREL. Salaries and benefits increased $5.9 million primarily driven by an increase in our sales force and field-based medical health science personnel.

Other Income (Expense)

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

	Three Months Ended June 30,		% Increase / (Decrease)	Six Months Ended June 30,		% Increase / (Decrease)
	2014	2013		2014	2013	
Interest income	$ 61	$ 72	(15)%	$ 103	$ 145	(29)%
Interest expense	(2,079)	(1,914)	9%	(4,185)	(3,433)	22%
Loss on early extinguishment of debt	—	—	N/A	—	(3,398)	(100)%
Royalty interest obligation	(136)	(161)	(16)%	(256)	(247)	4%
Other, net	(41)	(18)	128%	(77)	(22)	250%
Total other expense, net	$ (2,195)	$ (2,021)	9%	$ (4,415)	$ (6,955)	(37)%

Total other expense, net increased by $0.2 million to $2.2 million in the three months ended June 30, 2014 primarily due to a $0.2 million increase in interest expense as a result of less capitalized interest in conjunction with the completion of certain capital projects. Total other expense, net decreased by $2.5 million to $4.4 million in the six months ended June 30, 2014 primarily due to the absence of a loss on early extinguishment of debt in 2014 in the amount of $3.4 million. This was partially offset by a $0.8 million increase in interest expense associated with (i) $0.5 million decrease in capitalized interest, (ii) $0.2 million increase in the amortization of the equity component of our convertible debt and (iii) $0.1 million due to interest expense on higher loan balances.

Income Tax Benefit

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

	Three Months Ended June 30,		% Increase / (Decrease)	Six Months Ended June 30,		% Increase / (Decrease)
	2014	2013		2014	2013	
Income tax benefit	$ —	$ —	N/A	$ —	$ 442	(100)%

For the three and six months ended June 30, 2014, there was no provision for income taxes since we have incurred net operating losses since inception. In February 2013, we received $0.4 million from the sale of our unused net operating losses through the State of New Jersey's Economic Development Authority Technology Business Tax Certificate Transfer Program.

Liquidity and Capital Resources

Since our inception in 2007, 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 have financed our operations primarily with the proceeds from the sale of convertible senior notes, convertible preferred stock, common stock, secured and unsecured notes, borrowings under debt facilities, product sales, collaborative licensing and development revenue and royalty revenue. In April 2014, we sold 1,840,000 shares of common stock in an underwritten public offering for proceeds to us of $110.4 million, net of underwriters' fees and related expenses.

We are highly dependent on the commercial success of EXPAREL, which was launched in April 2012. We have incurred losses since inception. As of June 30, 2014, we had an accumulated deficit of $312.9 million, cash and cash equivalents, restricted cash, short-term investments and long-term investments of $179.5 million and working capital of $79.4 million.

Our $120.0 million in aggregate principal amount of 3.25% convertible senior notes due 2019, or Notes, are classified as a current liability as discussed in Note 6, *Debt*, to our consolidated financial statements included herein. The holders of the Notes have the ability to elect to convert the Notes at any time during the quarter ended September 30, 2014. We do not expect such action will be taken since the market price of the Notes is currently above the estimated conversion value, and in the event of conversion, holders would forgo all future interest payments and the possibility of further stock price appreciation. In the event that the Notes are converted, we would be required to repay the $120.0 million in principal value and issue approximately 3.5 million shares of our common stock to settle the conversion premium as of June 30, 2014, causing dilution to our current shareholders.

Summary of Cash Flows

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

	Six Months Ended June 30,	
	2014	**2013**
Net cash provided by (used in):		
Operating activities	$ 3,482	$ (27,099)
Investing activities	(21,555)	(61,774)
Financing activities	113,758	87,373
Net increase (decrease) in cash and cash equivalents	$ 95,685	$ (1,500)

Operating Activities

During the six months ended June 30, 2014, our net cash provided by operating activities was $3.5 million. During the six months ended June 30, 2013, our net cash used in operating activities was $27.1 million. The $30.6 million change in net cash from operating activities was driven primarily by the increase in EXPAREL product sales, which was partially offset by expenditures for additional field-based scientific personnel and related educational, selling and promotional initiatives, as well as additional administrative support. We also received an $8.0 million upfront payment from Mundipharma in connection with the extension of the term of existing supply and distribution agreements and the expansion of the territory where Mundipharma can market and distribute DepoCyte.

Investing Activities

During the six months ended June 30, 2014, our net cash used in investing activities was $21.6 million which reflected purchases of fixed assets of $9.8 million, net purchases of short-term and long-term investments of $9.5 million and payments for contingent consideration of $2.2 million related to the March 2007 acquisition of Skyepharma Holding, Inc., as discussed in Note 5, *Goodwill and Intangible Assets,* to our consolidated financial statements included herein. Fixed asset purchases primarily reflect expenditures for expanding our manufacturing capacity in the United Kingdom and constructing an additional fill line for Suite C. During the six months ended June 30, 2013, our net cash used in investing activities was $61.8 million, which primarily reflected net purchases of $56.4 million in short-term investments and $4.7 million in purchases of fixed assets.

Financing Activities

During the six months ended June 30, 2014, our net cash provided by financing activities was $113.8 million, which reflected net proceeds of $110.4 million from the sale of 1,840,000 shares of common stock in an underwritten public offering and proceeds from the exercise of stock options and warrants of $3.4 million. During the six months ended June 30, 2013, our net cash provided by financing activities was $87.4 million, reflecting the private offering of $120.0 million in Notes, which was partially offset by the extinguishment of $27.5 million in debt and $7.2 million in debt issuance and financing costs.

Debt Facilities

On January 23, 2013, we completed the private placement of the Notes. The net proceeds from the Notes offering were $115.3 million, after deducting the initial purchasers' discounts and commissions and the offering expenses. The Notes accrue interest at a rate of 3.25% per year, payable semiannually in arrears on February 1 and August 1 of each year, and mature on February 1, 2019. As of June 30, 2014, the outstanding principal on the Notes was $120.0 million.

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 Notes at any time. Upon conversion, holders will receive cash up to the principal amount of the Notes and, with respect to any excess conversion value, 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 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, but will not be adjusted for any accrued and unpaid interest. Additionally, during any 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 any given quarter. During the three months ended June 30, 2014, the requirements with respect to the Consecutive Sales Price were met and, as a result, the Notes are classified as a current obligation and are redeemable until September 30, 2014. The future convertibility and resulting balance sheet classification of the Notes will be monitored on a quarterly basis. Prior to February 1, 2018, in the event such requirements are not met in a given quarter, the Notes would be reclassified as a long-term liability. See Note 6, *Debt*, to our consolidated financial statements included herein for additional details.

Future Capital Requirements

We believe that our existing cash and cash equivalents, restricted cash, short-term and long-term investments and revenue from product sales will be sufficient to enable us to fund our operating expenses and capital expenditure requirements and to service our indebtedness for at least the next 12 months. Our future use of cash will depend on many factors, including, but not limited to, the following:

- our ability to successfully continue our 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 construction of two dedicated manufacturing suites in the United Kingdom;
- 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;
- the extent to which we acquire or invest in products, businesses and technologies; and
- the extent to which the holders of our Notes elect to convert the Notes.

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 June 30, 2014, 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 Estimates

There have been no significant changes to our critical accounting policies since December 31, 2013, however, see Note 2, *Summary of Significant Accounting Policies*, of the Notes to the Condensed Consolidated Financial Statements, which contains 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, 2013.

Contractual Obligations

In March 2014, we amended the lease for our corporate headquarters which increased the size of our leased premises and extended the lease term through February 2028. The lease is for approximately 27,500 square feet of office space.

In April 2014, we and Patheon UK Limited, or Patheon, entered into a Strategic Co-Production Agreement and Technical Transfer and Service Agreement to collaborate in the manufacture and packaging 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, United Kingdom facility for the manufacture and packaging of EXPAREL in two dedicated manufacturing suites. This agreement will remain in full effect unless and until it expires or is terminated. Upon 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 up to a maximum amount of $2.0 million.

We also entered into a Manufacturing and Supply Agreement with Patheon. Under the terms of the Manufacturing and Supply Agreement, following the FDA approval date of the suites, we have agreed to purchase finished, packaged or

unpackaged product from Patheon. Unless earlier terminated, this agreement will expire on the 10th anniversary of the FDA approval date for the initial manufacturing suite.

Future expenditures associated with the aforementioned agreements are primarily driven by the potential commercial requirements and demand for our products which cannot be fully determined at this time.

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

The primary objective of our cash investment activities is to preserve principal while at the same time maximizing the income that we receive from our investments without significantly increasing risk. Some of the securities that we invest in may be subject to market 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 the fair value of our investment will decline. A hypothetical 100 basis point increase in interest rates reduces the fair value of our available-for-sale securities at June 30, 2014 by approximately $0.4 million. To minimize this risk, we maintain our portfolio of cash equivalents and marketable securities in a variety of securities, including commercial paper, government and non-government debt securities and/or money market funds that invest in such securities.

Most of our transactions are conducted in U.S. dollars. We do have certain agreements with commercial partners located outside the United States, which have transactions conducted in Euros. As of June 30, 2014, we had approximately $0.4 million in receivables from customers denominated in currencies other than the U.S. dollar. A hypothetical 10% change in foreign exchange rates would have a potential impact on our revenue of less than $0.1 million for the quarter ended June 30, 2014.

Our Notes carry a fixed interest rate and, thus, we are not subject to interest rate risk with respect to the Notes.

Item 4. ***CONTROLS AND PROCEDURES***

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our President, Chief Executive Officer and Chairman and Senior Vice President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on their evaluation and the participation of the Company's management, our President, Chief Executive Officer and Chairman and Senior Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2014. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of the disclosure controls and procedures are met. The design of any disclosure control and procedure also is based in part upon 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.

(b) Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended June 30, 2014 that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

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. We are not presently a party to any litigation 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.

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, 2013, 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, 2013. The risks described in our Annual Report on Form 10-K for the year ended December 31, 2013 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***

None.

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
10.1	Strategic Co-Production Agreement dated April 4, 2014, by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited. *
10.2 †	Manufacturing and Supply Agreement dated April 4, 2014, by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited. *
10.3 †	Technical Transfer and Service Agreement dated April 4, 2014, by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited. *
10.4	Amended and Restated 2011 Stock Incentive Plan. (1) ***
10.5	2014 Employee Stock Purchase Plan. (1) ***
10.6	Form of Nonstatutory Stock Option Agreement under the Amended and Restated 2011 Stock Incentive Plan. (1) ***
31.1	Certification of President, Chief Executive Officer and Chairman pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
31.2	Certification of Senior Vice President and Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
32.1	Certification of President, 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 Senior Vice President and 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 June 30, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive 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.

*** Denotes management contract or compensatory plan or arrangement.

† 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.

(1) Incorporated by reference to the exhibits to the registrant's Current Report on Form 8-K, filed on June 4, 2014.

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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: July 31, 2014

/s/ DAVID STACK

David Stack

President, Chief Executive Officer and Chairman

(Principal Executive Officer)

Dated: July 31, 2014

/s/ JAMES SCIBETTA

James Scibetta

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 10.1

STRATEGIC CO-PRODUCTION AGREEMENT

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STRATEGIC CO-PRODUCTION AGREEMENT

This **STRATEGIC CO-PRODUCTION AGREEMENT** (this "Agreement"), dated as of April 4, 2014 (the "Effective Date"), is made by and between Pacira Pharmaceuticals, Inc., a California corporation having its principal place of business at 5 Sylvan Way, Parsippany, NJ 07054, United States (" Pacira"), and Patheon UK Limited, a company incorporated in England and Wales having its principal place of business at Kingfisher Drive, Covingham, Swindon, Wiltshire SN35BZ, United Kingdom ("Patheon"). Pacira and Patheon are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Pacira has a commercial interest in the manufacture, packaging and commercialization of a bupivacaine liposome injectable suspension delivered through Pacira's proprietary DepoFoam® technology, which is presently sold in the United States by Pacira under the trademark EXPAREL® and may be sold in the future in and outside of the United States under the EXPAREL® trademark or any other trademarks, by Pacira or its licensees (the "Product");

WHEREAS, Patheon has expertise and experience in manufacturing and packaging pharmaceutical products and is interested in providing manufacturing services to Pacira in connection with the Product;

WHEREAS, Pacira has a commercial interest in controlling, exploiting and optimizing its proprietary know-how of the chemistry, process, and engineering required to manufacture DepoFoam®-based products, and therefore desires to act as a co-production party to the EXPAREL® manufacturing process;

WHEREAS, the Parties desire to collaborate with each other to maximize the value of Pacira's EXPAREL® franchise;

WHEREAS, the Parties are executing a quality agreement which would define the ultimate responsibilities of the Parties with respect to the quality assurance of the Product manufactured for Pacira (the "Quality Agreement"), an agreement pursuant to which Patheon would undertake certain technical transfer and construction services in order to validate and scale up Pacira's technology package and prepare Patheon's facilities for the manufacture and packaging of the Product (the "Technical Transfer Agreement "); and an agreement pursuant to which Patheon would undertake the manufacturing and supply of the Products on behalf of Pacira (the "Manufacturing and Supply Agreement")(all of such Agreements being sometimes referred to collectively as the "Agreements"); and

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants of the Parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I. DEFINITIONS

Any term note defined hereunder shall have the meaning ascribed to such term in the Manufacturing and Supply Agreement or the Technical Transfer Agreement.

ARTICLE II. AGREEMENTS BETWEEN THE PARTIES

2.1 Quality Agreement. Pacira and Patheon shall enter into the Quality Agreement as described in the Manufacturing and Supply Agreement.

2.2 Technical Transfer Agreement . Pacira and Patheon shall enter into the Technical Transfer Agreement attached as Exhibit 2.2.

2.3 Manufacturing and Supply Agreement. Pacira and Patheon shall enter into the Manufacturing and Supply Agreement attached as Exhibit 2.3 (the "Manufacturing and Supply Agreement").

2.4 Confidentiality Agreement. Pacira and Patheon shall enter into the Confidentiality Agreement attached as Exhibit 2.4.

ARTICLE III. STEERING COMMITTEE

3.1 Generally. The Parties desire to establish a steering committee (the "Steering Committee") to oversee the Agreements and to facilitate communications between the Parties with respect thereto. The Steering Committee shall have the responsibilities and authority allocated to it in this ARTICLE III. The Steering Committee shall have the obligation to exercise its authority consistent with the respective purpose for the Steering Committee as stated herein and any such decisions shall be made in good faith.

3.2 Formation and Purpose. Promptly following the Effective Date, the Parties shall confer and then create a Steering Committee. The Steering Committee shall have authority, subject to Section 3.5 to oversee the priorities and budgets (not less than on a quarterly basis), to oversee manufacturing and controls for the Products, to review and approve all associated regulatory filings and correspondence under the Agreements (including reviewing and approving itemized budgets with respect to the foregoing), to approve the projects and plans of any subcommittee it establishes consistent with this authority and to review any concerns either Party may have concerning the Project Manager or other key employees employed by the Parties to provide the Services under the Technical Transfer Agreement and Manufacturing and Supply Agreement.

3.3 General Steering Committee Membership and Procedure.

(a) Membership. Each Party shall designate an equal number of representatives (not to exceed three (3) for each Party) to the Steering Committee with appropriate expertise to serve as members of the Steering Committee. The Steering Committee representatives must all be employees of such Party or an Affiliate of such Party, with the caveat that each Party may designate for the Steering Committee up to one (1) representative who is not an employee if : (i) such non-employee representative agrees in writing to be bound to the terms of this Agreement for the

treatment and ownership of confidential information of the Parties, and (ii) the other Party consents to the designation of such non-employee representative, which consent shall not be unreasonably withheld. Each Party may replace its Steering Committee representatives at any time upon written notice to the other Party. The Steering Committee shall have a chairperson which shall be appointed by Pacira. The chairperson of the Steering Committee shall be responsible for calling meetings, preparing and circulating an agenda in advance of each meeting of the Steering Committee, and preparing and issuing minutes of each meeting within fifteen (15) days thereafter.

(b) Meetings. The Steering Committee shall be constituted and the first meeting of the Steering Committee shall be held promptly following the Effective Date, with the Steering Committee considering finalization and approval of workplans prepared by the Parties for inclusion and commencement under the Agreements. Otherwise, the Steering Committee shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than once every six (6) months. Meetings of the Steering Committee may be held in person or by means of telecommunication (telephone, video, or web conferences). To the extent that the Steering Committee holds any meetings in person, the Parties will alternate in designating the location for such in-person meetings, with Pacira selecting the first meeting location for the Steering Committee. A reasonable number of additional representatives of a Party may attend meetings of the Steering Committee in a non-voting capacity. Each Party shall be responsible for all of its own expenses of participating in the Steering Committee.

(c) Meeting Agendas. Each Party will disclose to the other proposed agenda items along with appropriate information at least three (3) business days in advance of each meeting of the Steering Committee; provided, that a Party may provide its agenda items to the other Party within a lesser period of time in advance of the meeting, or may propose that there not be a specific agenda for a particular meeting, so long as such other Party consents to such later addition of such agenda items or the absence of a specific agenda for the Steering Committee meeting.

(d) Limitations of Steering Committee Powers. The Steering Committee shall have only such powers as are specifically delegated to it hereunder or from time to time as agreed to in writing by the mutual consent of the Parties and shall not be a substitute for the rights of the Parties. Without limiting the generality of the foregoing, the Steering Committee shall not have any power to amend the Agreements. Any amendment to the terms and conditions of this Agreement shall be implemented pursuant to Section 4.7 below. Additionally, no member of the Steering Committee shall be able to vote in the Steering Committee and thereby bind its respective Party on any material matter except as otherwise properly authorized, approved, or delegated by such Party in accord with Section 3.5.

3.4 Steering Committee Decision-Making. If the Steering Committee is unable to reach unanimous consent on a particular matter within thirty (30) days of its initial consideration of such matter, then either Party may provide written notice of such dispute to the Chief Executive Officer of the other Party. The Chief Executive Officers of each of the Parties will meet at least once in person or by means of telecommunication (telephone, video, or web conferences) to discuss the dispute and use their good faith efforts to resolve the dispute within thirty (30) days after submission of such dispute to the Chief Executive Officers.

(a) Restrictions. Neither Party shall exercise its right to finally resolve a dispute at the Steering Committee in accordance with this Section 3.4 in a manner that (i) excuses such Party from any of its obligations specifically enumerated under this Agreement; (ii) expands the obligations of the other Party under this Agreement; (iii) negates any consent rights or other rights specifically allocated to the other Party under this Agreement; (iv) purports to resolve any dispute involving the breach or alleged breach of this Agreement; (v) resolves a matter if the provisions of this Agreement specify that mutual agreement is required for such matter; or (vi) would require the other Party to perform any act that is inconsistent with applicable law.

3.5 Authorization of Steering Committee Representatives**.** Each representative serving on the Steering Committee shall be responsible for ensuring that he or she acts only as duly authorized by its respective Party and obtains any advance approvals, delegations, or other authorizations from his or her respective Party in advance of making any Steering Committee votes. Any Steering Committee representative shall only be able to bind its respective appointing Party via any Steering Committee vote or other material Steering Committee activity to the extent such vote or other activity has been previously approved by the Party, is within the authority duly delegated to the representative by the respective Party, or is otherwise authorized by its respective Party as may be required by that Party's corporate charter or bylaws, or by its board of directors. Any action or vote taken without valid authority shall be considered null and void and shall be without effect unless subsequently approved by a vote in accord with this Section 3.5.

ARTICLE IV. MISCELLANEOUS

4.1 Notices. Notwithstanding that advance notification of any notices or other communications may be given by facsimile or electronic mail transmission, all notices or other communications that shall or may be given pursuant to this Agreement shall be in writing and shall be deemed to be effective (a) when delivered if sent by registered or certified mail, return receipt requested, or (b) on the next business day, if sent by overnight courier, in each case to the Parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid:

If to Pacira:
Pacira Pharmaceuticals, Inc.
Attn: Legal Affairs Department – Kristen Williams
Telephone:
Facsimile:

If to Patheon:
Patheon UK Limited
Attn: Executive Director & General Manager
Kingfisher Drive, Covingham
Swindon, Wiltshire SN3 5BZ
England
Facsimile:

with copy to
Legal Director.

4.2 Independent Contractor. The Parties to this Agreement are independent contractors. Nothing contained in this Agreement shall be construed to place the Parties in the relationship of employer and employee, partners, principal, and agent or a joint venture. Neither Party shall have the power to bind or obligate the other Party nor shall either Party hold itself out as having such authority.

4.3 Waiver. No waiver by either Party of any provision or breach of this Agreement shall constitute a waiver by such Party of any other provision or breach, and no such waiver shall be effective unless made in writing and signed by an authorized representative of the Party against whom waiver is sought. No course of conduct or dealing between the Parties will act as a modification or waiver of any provision of this Agreement. Either Party's consent to or approval of any act of the other Party shall not be deemed to render unnecessary the obtaining of that Party's consent to or approval of any subsequent act by the other Party.

4.4 Entire Agreement. This Agreement (together with all Exhibits and Schedules hereto, which are hereby incorporated by reference), the Manufacturing and Supply Agreement, the Quality Agreement, the Confidentiality Agreement, and the Technical Transfer Agreement constitute the final, complete, and exclusive agreement between the Parties relating to the subject matter hereof and supersede all prior conversations, understandings, promises, and agreements relating to the subject matter hereof. Neither Party has relied upon any communications, representations, terms or promises, verbal or written, not set forth herein.

4.5 Assignment; Change of Control

4.6 Amendment; Modification. This Agreement may not be amended, modified, altered, or supplemented except by a writing signed by both Parties. No modification of any nature to this Agreement and no representation, agreement, arrangement, or other communication shall be binding on the Parties unless such is expressly contained in writing and executed by the Parties as an amendment to this Agreement. This Agreement may not be amended in any respect by any purchase order, invoice, acknowledgment, or other similar printed document issued by either Party.

4.7 Governing Law.

(a) The laws of England, whether procedural or substantive (but excluding application of any choice of law provisions contained therein) shall apply to all matters pertaining only to title to and ownership of the Facility and its appurtenances including, without limitation, all rights therein and the creation, exercise and extinction of such rights, obligations and liabilities. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the English Courts. For the avoidance of doubt, except with respect to any rights set forth in Schedule 10.6 of the Manufacturing and Supply Agreement, the Parties agree that nothing in this Agreement shall (i) grant Pacira any property ownership rights in the Facility or (ii) shall constitute a lease to the Facility.

(b) In all other respects, this Agreement shall be construed under and governed by the laws of the State of New York, New York, U.S.A. without regard to the application of principles of conflicts of law. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the state and federal courts located in the State of New York, New York.

(c) The Parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, if applicable.

4.8 Compliance with Applicable Laws. Each Party and its Affiliates, and their respective representatives, shall comply with all applicable laws, rules and regulations in the performance of their obligations under this Agreement. Without limiting the foregoing, each Party and its Affiliates, and their respective representatives, shall comply with export control laws and regulations of the country of Manufacture and of the United States. Neither Party nor its Affiliates (or representatives) shall, directly or indirectly, without prior U.S. government authorization, export, re-export, or transfer the Product to any country subject to a U.S. trade embargo, to any resident or national of any country subject to a U.S. trade embargo, or to any person or entity listed on the "Entity List" or "Denied Persons List" maintained by the U.S. Department of Commerce or the list of "Specifically Designated Nationals and Blocked Persons" maintained by the U.S. Department of Treasury. In so far as the same applies to a Party or its Affiliates, each Party and its Affiliates and respective representatives shall comply with the requirements of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd-1, *et seq.*).

4.9 Press Releases; Use of Trademarks. The Parties agree not to disclose any terms or conditions of this Agreement to any third party without the prior consent of the other Party, save as permitted pursuant to the Confidentiality Agreement. Neither Party shall (i) issue a press release or make any other public statement that references this Agreement or (ii) use the other Party's or the other Party's Affiliates' names or trademarks for publicity or advertising purposes, except with the prior written consent of the other Party, save as permitted pursuant to the Confidentiality Agreement or Securities and Exchange Commission filings which are required by Applicable Law, in which instance both Parties shall work together in good faith to agree the disclosure to be made having due and proper regard to their legal obligations. Each Party agrees that it shall cooperate fully and in a timely manner with the other with respect to all disclosures to the Securities and Exchange Commission or any other governmental or regulatory agencies, including requests for confidential treatment of Proprietary Information of either Party included in any such disclosure.

4.10 Severability. If any provision of this Agreement is found by a proper authority to be unenforceable, that provision to the extent it is found to be unenforceable or invalid shall be severed and the remainder of the provision and this Agreement will continue in full force and effect. The Parties shall use their best efforts to agree upon a valid and enforceable provision as a substitute for any invalid or unenforceable provision, taking in to account the Parties' original intent of this Agreement.

4.11 Construction. Unless the context of this Agreement otherwise requires: (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; (d) the terms "Article," "Section," "Exhibit," "Schedule," or "clause" refer to the specified Article, Section, Exhibit, Schedule, or clause of tins Agreement; (e) "or" is disjunctive but not necessarily exclusive; and (f) the term "including" or "includes" means "including without limitation" or "includes without limitation." Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless business days are specified. The captions and headings of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The language of this Agreement shall be deemed to be the language mutually chosen by the Parties, and no rule of strict construction shall be applied against either Party hereto.

4.12 Third Party Beneficiaries. This Agreement is not intended to confer upon any non-party rights or remedies hereunder, except as may be received or created as part of a valid assignment.

4.13 Further Assurances. Each of the Parties agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such additional assignments, agreements, documents, and instruments, that may be necessary or as the other Party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

4.14 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original. Electronic or Facsimile signatures shall be treated as original signatures.

The remainder of this page is left blank intentionally.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

PATHEON UK LIMITED:		**PACIRA PHARMACEUTICALS, INC.**:	
By:	/s/ James Mullen	By:	/s/ David Stack
Name:	James Mullen	Name:	David Stack
Title:	CEO	Title:	President, CEO and Chairman

Exhibit 2.2

Technical Transfer Agreement

SEE EXHIBIT 10.3 TO PACIRA PHARMACEUTICALS, INC.'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2014

Exhibit 2.3

Manufacturing and Supply Agreement

SEE EXHIBIT 10.2 TO PACIRA PHARMACEUTICALS, INC.'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2014

EXHIBIT 10.2

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 SECURITIES AND EXCHANGE COMMISSION.

MANUFACTURING AND SUPPLY AGREEMENT

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MANUFACTURING AND SUPPLY AGREEMENT

This **MANUFACTURING AND SUPPLY AGREEMENT** (this "Agreement"), dated as of April 4, 2014 (the "Effective Date"), is made by and between Pacira Pharmaceuticals, Inc., a California corporation having its principal place of business at 5 Sylvan Way, Parsippany, NJ 07054, United States ("Pacira"), and Patheon UK Limited, a company incorporated in England and Wales having its principal place of business at Kingfisher Drive, Covingham, Swindon, SN35BZ, United Kingdom ("Patheon"). Pacira and Patheon are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Pacira has a commercial interest in the manufacture, packaging and commercialization of a bupivacaine liposome injectable suspension delivered through Pacira's proprietary DepoFoam® technology and manufactured using the Pacira Manufacturing Process, which is presently sold in the United States by Pacira under the trademark EXPAREL® and may be sold in the future in and outside of the United States under the EXPAREL® trademark or any other trademarks, by Pacira or its licensees (the "Product");

WHEREAS, Patheon has expertise and experience in manufacturing and packaging pharmaceutical products and is interested in providing manufacturing services to Pacira in connection with the Product;

WHEREAS, in anticipation of this Agreement and the goods and services that Patheon will supply hereunder, the Parties are executing a strategic co-production agreement (the "Strategic Co-Production Agreement"), an agreement pursuant to which Patheon would undertake certain technical transfer and construction services in order to validate and scale up Pacira's technology package and prepare Patheon's facilities for the manufacture and packaging of the Product (the "Technical Transfer Agreement"); and a Confidentiality Agreement (defined below) for the purpose of protecting each Party's Proprietary Information; and

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants of the Parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I. DEFINITIONS

The following terms shall have the meanings set forth below. Unless the context indicates otherwise, the singular shall include the plural and the plural shall include the singular. Any term not defined hereunder shall have the meaning ascribed to such term in the Technical Transfer Agreement.

1.1 "Additional Services" means any services requested and approved by Pacira that supplement Patheon's regular performance of the Services, as described in Schedule 2.1(a).

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

1.2 "Affiliate(s)" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For the purposes of this Section 1.2 only, a Person will be regarded as in control of another Person if such Person owns, or directly or indirectly controls, more than 50% of the voting securities (or comparable equity interests) or other ownership interests of the other Person, or if such Person directly or indirectly possesses the power to direct or cause the direction of the management or policies of the other Person, whether through the ownership of voting securities, by contract, or any other means whatsoever.

1.3 "Agreed Delivery Date" has the meaning set forth in Section 2.3(d).

1.4 "Agreement" has the meaning set forth in the Preamble hereto.

1.5 "API" means the active pharmaceutical ingredient bupivacaine.

1.6 "Applicable Law" means applicable United States and foreign federal, state, and local laws, orders, rules, regulations, guidelines, standards, customs and ordinances, including, without limitation, those (to the extent they are applicable) of the FDA and comparable foreign Regulatory Authorities, including the FDA Act.

1.7 "Base Fee" means the monthly fee paid by Pacira in consideration for the Services, as more specifically set forth in Schedule 2.1(a) of this Agreement. For the avoidance of doubt, Base Fees do not include Capital Expenditures (as defined in the Technical Transfer Agreement), Product Fees, Material Costs, or charges for Bill Back Items or Additional Services.

1.8 "Bill Back Items" means the items and services set forth in Schedule 2.1(a) that are used or necessary in connection with the Manufacture of the Products and which result in a nominal cost to Pacira.

1.9 "Certificate of Analysis" means a certificate evidencing the analytical tests conducted on a specific batch of Product or Material and setting forth, *inter alia*, the items tested, specifications, and test results.

1.10 "Certificate of Compliance" means a certificate stating that a specific batch of Product complies with the warranty set forth in Section 6.3.

1.11 "Claim" has the meaning set forth in Section 9.3(a).

1.12 "Confidentiality Agreement" has the meaning set forth in Section 7.1.

1.13 "Control" or "Controlled" means ownership or the right by a Party to assign or grant a license or sublicense under intellectual property rights to the other Party of the scope set forth herein, without breaching the terms of any agreement with a Third Party.

1.14 "Deficiency Notice" has the meaning set forth in Section 2.8(a).

1.15 "DepoFoam® Technology" is Pacira's proprietary, extended-release drug delivery technology, using a multivesicular liposomal platform that encapsulates drugs without altering their molecular structure and then releases them over a desired period.

1.16 "Discretionary Manufacturing Changes" has the meaning set forth in Section 2.9(c).

1.17 "Effective Date" has the meaning set forth in the Preamble hereto

1.18 "EMA" means the European Medicines Agency.

1.19 "Equipment" means any equipment used in the Manufacture of the Product.

1.20 "Existing Pacira Intellectual Property" has the meaning set forth in Section 5.1(a).

1.21 "Existing Patheon Intellectual Property" has the meaning set forth in Section 5.1(b).

1.22 "Expected Yield Rate" has the meaning set forth in Section 2.8(f).

1.23 "Expert" has the meaning set forth in Section 2.8.

1.24 "Exploit" means to make, have made, import, use, sell, offer for sale, or otherwise dispose of a product or process, including the research, development (including the conduct of clinical trials), registration, modification, enhancement, improvement, Manufacture, storage, formulation, optimization, export, transport, distribution, promotion, or marketing of a product or process.

1.25 "Facility" means the facility of Patheon located at Kingfisher Drive, Swindon, Wiltshire SN3 5BZ, United Kingdom, or such other facility approved in accordance with Section 3.3(a).

1.26 "FDA" means the United States Food and Drug Administration and any successor organization thereto and all agencies under its direct control.

1.27 "FDA Act" means the Federal Food, Drug, and Cosmetic Act, as amended.

1.28 "FDA Approval Date" means the date of receipt of FDA approval for Patheon's manufacturing, testing, and packaging for the Product from Manufacturing Suite A-2.

1.29 "Field" means pharmaceutical products containing bupivacaine as the active pharmaceutical ingredient, and methods of making, delivering or using such pharmaceutical products.

1.30 "Filing Party" has the meaning set forth in Section 3.16(a).

1.31 "Final Filing" has the meaning set forth in Section 3.16(d).

1.32 "Forecast" has the meaning set forth in Section 2.3(a).

1.33 "GMP" means the current good manufacturing practices applicable from time to time to the Manufacturing of the Product, or any intermediate of the Product, pursuant to Applicable Law, including those promulgated under the FDA Act at 21 C.F.R. (chapters 210 and 211), and those promulgated under EC Directive 2003/94/EC, together with the latest FDA and EMA guidance documents pertaining to manufacturing and quality control practice, all as updated, amended and revised from time to time.

1.34 "Indemnification Claim Notice" has the meaning set forth in Section 9.3(a).

1.35 "Indemnified Party" has the meaning set forth in Section 9.3(a).

1.36 "Indemnifying Party" has the meaning set forth in Section 9.3(a).

1.37 "Initial Draft" has the meaning set forth in Section 3.16(b).

1.38 "Initial Term" has the meaning set forth in Section 8.1.

1.39 "Loss" means any claims, lawsuits, losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys' fees and disbursements).

1.40 "Maintenance" means the maintenance of Equipment and Facilities in satisfactory operating condition, including the performance of systematic inspection and service of Equipment.

1.41 "Make Good Costs" has the meaning set forth in Section 8.3(d).

1.42 "Manufacture" and "Manufacturing Services" means the manufacturing, processing, formulating, filling, packaging, labeling, storage, handling, and quality control testing of Materials or of the Product as more particularly set out in Schedule 2.1(a).

1.43 "Manufacturing Expansion Area" means the area identified in the footprint set forth in Schedule 1.47.

1.44 "Manufacturing Services Termination Costs" has the meaning set forth in Section 8.3(f).

1.45 "Manufacturing Suite A-2" means the manufacturing suite at the Facility, whose footprint is set forth in Schedule 1.47, which footprint may be revised by the Parties during the Term of and pursuant to the Technical Transfer Agreement in order to adapt the Manufacturing Suite A-2 to Pacira's Manufacturing Process.

1.46 "Manufacturing Suite B-2" means the manufacturing suite at the Facility, whose footprint is set forth in Schedule 1.47, which footprint may be revised by the Parties during the Term of and pursuant to the Technical Transfer Agreement in order to adapt the Manufacturing Suite B-2 to Pacira's Manufacturing Process.

1.47 "Manufacturing Suites" means Manufacturing Suite A-2 and Manufacturing Suite B-2, together with the areas identified in the plan attached as Schedule 1.47 as the areas for the Filling and Support Operations and Secondary Operations, and the Manufacturing Expansion Area (if Pacira exercises its right to have Patheon complete such expansion pursuant to the terms of Section 2.11) as represented in the footprint attached as Schedule 1.47. The footprint of the Manufacturing Suites is diagrammatic in nature and is intended to generally depict the location and approximate size of current and future spaces allocated to Pacira. Such footprint may be amended during the Term of and pursuant to the Technical Transfer Agreement to be specifically adapted to the Manufacture of the Product, and the Parties shall agree upon the definitive footprint, taking into account parameters such as the exact design of the space, space classifications, code requirements, equipment, material, personnel, waste stream process flows, equipment sizing and utility requirements.

1.48 "Marketing Authorization" means an approved New Drug Application as defined in the FDA Act and the regulations promulgated thereunder, or any corresponding foreign application, registration, or certification, necessary or reasonably useful to market any Product in a country or regulatory jurisdiction other than the United States, including applicable pricing and reimbursement approvals, and all supplements and amendments thereto.

1.49 "Materials" means all API, lipids, excipients and processing aids, and processing, filling and packaging components, used in connection with the Manufacture of the Product and listed in Schedule 1.49, as amended prior to Product launch, based on the Parties' most recent usage experience rate, and to reflect changes to the Specifications.

1.50 "NDA" means the new drug application for a product, including the Product, requesting permission to place a drug on the market in accordance with 21 C.F.R. Part 314, and all supplements filed pursuant to the requirements of the FDA, including all documents, data, and other information filed concerning such product that are necessary for FDA approval to market such product in the Territory.

1.51 "Non-Conforming Product" means (a) a batch of Product that fails, or is aborted during processing; or (b) a Product Manufactured by Patheon that fails to conform to the warranty set forth in Section 6.3.

1.52 "Non-Filing Party" has the meaning set forth in Section 3.16(a).

1.53 "Pacira" has the meaning set forth in the Preamble hereto.

1.54 "Pacira Annual Volume Forecast" has the meaning set forth in Section 2.3(d).

1.55 "Pacira Assignors" has the meaning set forth in Section 5.1(h).

1.56 "Pacira Indemnified Parties" has the meaning set forth in Section 9.2.

1.57 "Pacira Manufacturing Equipment" has the meaning set forth in Section 2.9(a).

1.58 "Pacira's Manufacturing Process" means Pacira's proprietary process for Manufacturing the Product, and each intermediate of the Product, using the DepoFoam® technology as approved by the FDA as of the Effective Date.

1.59 "Pacira's Manufacturing Process Improvements" has the meaning set forth in Section 5.1(e)(i).

1.60 "Pacira On Site Representative" has the meaning set forth in Section 3.4.

1.61 "Pacira Product Improvements" has the meaning set forth in Section 5.1(e)(i).

1.62 "Pacira Purchased Patheon Manufacturing Equipment" has the meaning set forth in Section 2.9(a)(ii).

1.63 "Pacira Specification Improvements" has the meaning set forth in Section 5.1(e)(i).

1.64 "Pacira-Supplied Materials" has the meaning set forth in Section 2.2(c).

1.65 "Party" and "Parties" have the meanings set forth in the Preamble hereto.

1.66 "Patheon" has the meaning set forth in the Preamble hereto.

1.67 "Patheon Assignors" has the meaning set forth in Section 5.1(g).

1.68 "Patheon Indemnified Parties" has the meaning set forth in Section 9.1.

1.69 "Patheon Independent Manufacturing Equipment Improvements" has the meaning set forth in Section 5.1(f)(i).

1.70 "Patheon Manufacturing Equipment" has the meaning set forth in Section 2.9(a)(ii).

1.71 "Patheon Nonconformance" has the meaning set forth in Section 2.8(c).

1.72 "Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, or other similar entity or organization, including a government or political subdivision, department, or agency of a government.

1.73 "Product" has the meaning set forth in the Recitals hereto in finished, packaged form or finished, unpackaged form, according to the Specifications, as the same may be amended from time to time.

1.74 "Product Fee" has the meaning set forth in Section 2.4.

1.75 "Project Manager" and "Project Managers" have the meaning set forth in Section 3.4.

1.76 "Proprietary Information" has the meaning set forth in the Confidentiality Agreement.

1.77 "Purchase Order" means a written purchase order that sets forth (a) the quantities of each presentation of Product to be delivered by Patheon to Pacira, (b) the requested delivery dates therefor, and (c) the size of the vials, packaging and labeling to be used for such Product (or if no packaging or labeling is to be used).

1.78 "Quality Agreement" has the meaning set forth in Section 3.1.

1.79 "Regulatory Approval" means any and all approvals (including pricing and reimbursement approvals), licenses, registrations, or authorizations of any Regulatory Authority necessary to Exploit the Product in any country in the Territory, including any (a) approval of a Product, Marketing Authorization and supplements and amendments thereto; (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto); (c) labeling approval; and (d) technical, medical, and scientific licenses.

1.80 "Regulatory Authority" means any applicable supra-national, federal, national, regional, state, provincial, or local regulatory agencies, departments, bureaus, commissions, councils, or other government entities regulating or otherwise exercising authority with respect to the Exploitation of a Product in the Territory.

1.81 "Regulatory Filings" has the meaning set forth in Section 3.16.

1.82 "Regulatory Obligations" has the meaning set forth in Section 3.16.

1.83 "Remediation Period" has the meaning set forth in Section 8.2(a)(iii).

1.84 "Reports" has the meaning set forth in Section 3.12.

1.85 "Required Manufacturing Changes" has the meaning set forth in Section 2.9(b).

1.86 "Safety Stock" has the meaning set forth in Section 2.7(b).

1.87 "Scheduled Production Date" has the meaning set forth in Section 2.3(d).

1.88 "Services" means the (a) Manufacturing Services performed by Patheon under this Agreement and (b) the Transfer Services performed by Patheon pursuant to the Technical Transfer Agreement.

1.89 "Shipment Costs" has the meaning set forth in Section 2.8(c).

1.90 "Specifications" means the specifications for each presentation of Product (*i.e.*, the dosage forms in Schedule 1.82) given by Pacira to Patheon relating to the specifications of the Materials; the manufacturing specifications, directions and processes; the storage requirements; all environmental, health and safety information for the Product including material safety data

sheets and the finished Product specifications, packaging specifications and shipping requirements for the Product, as amended, modified, or supplemented from time to time in accordance with the specifications set forth in the applicable NDA for the Product.

1.91 "Steering Committee" has the meaning set forth in the Strategic Co-Production Agreement.

1.92 "Strategic Co-Production Agreement" has the meaning set forth in the Recitals.

1.93 "Supplies" means various consumables / disposables used in small quantities for gowning, cleaning of Equipment and Manufacturing Suites, and in quality control testing of Materials and Product.

1.94 "Technical Transfer Agreement" means the Technical Transfer and Service Agreement executed by the Parties on the date hereof.

1.95 "Term" has the meaning set forth in Section 8.1.

1.96 "Territory" means [**].

1.97 "Third Party" means a Person who is neither a Party nor an Affiliate of a Party.

1.98 "Transfer Services" has the meaning set forth in Section 1.71 of the Technical Transfer Agreement.

1.99 "Yield" has the meaning set forth in Section 2.8(f).

ARTICLE II. MANUFACTURING SERVICES

2.1 Supply Obligations.

(a) Subject to the terms and conditions hereof and in consideration for the payments set forth in Schedule 2.1(a), Patheon shall provide the Manufacturing Services and shall supply the Product [**] to Pacira. Following the FDA Approval Date, Pacira agrees to purchase from Patheon such quantities of Product as Pacira may order, in its discretion, in accordance with the terms hereof from time to time during the Term.

(b) During the Term, in the event that Pacira outsources the Manufacture of the Product to any Person other than to Patheon (other than in the event that Pacira's volume requirements for Product exceed the Pacira Annual Volume Forecast), the Product Fees set forth in Schedule 2.1(a) shall be replaced by the volume-based Product Fees set forth on Schedule 2.1(b). For the avoidance of doubt, "outsource" under this Section 2.1(b) shall not include Pacira's Manufacture of the Product at any Pacira-operated facility providing that Pacira has given and continues to give to Patheon the opportunity to Manufacture the [**] or [**] of the actual market demand for the Product in the Territory (if lower).

(c) If Patheon's supply of the Product in any Year exceeds [**], Patheon shall provide Pacira with a [**] discount on the Manufacturing Suite A-2 Labelled and Secondary

Packaged Product Fees for each incremental vial supplied to Pacira above such [**] threshold in said Year. For the purposes of this Section 2.1(c), "Year" shall mean each 12 calendar month period starting the first day of the month following FDA Approval Date. Should the capacity of Manufacturing Suite B-2 exceed [**], Patheon will review prices with the aim of offering to Pacira a discount on Product Fees for those Labelled and Secondary Packaged Products manufactured in Manufacturing Suite B-2 in excess of [**].

(d) Pursuant to the Technical Transfer Agreement, Pacira will develop and Patheon will confirm Pacira's Manufacturing Process. Pacira's Manufacturing Process is Proprietary Information of Pacira, subject to the terms of the Confidentiality Agreement.

(e) Patheon shall Manufacture all Products delivered hereunder (i) in accordance with the Marketing Authorization, the Specifications, this Agreement, the Quality Agreement, and (ii) in compliance with Applicable Law.

(f) Patheon covenants and agrees that neither it nor any of its Affiliates shall directly or indirectly, during and after the Term, (i) grant to any other Person the right to access or Exploit the DepoFoam® Technology, or to Manufacture or sell the Product, on their own behalf or on behalf of anyone other than Pacira; or (ii) [**].

(g) Patheon shall ensure that sufficient numbers of adequately educated and experienced staff are retained at the Manufacturing Site in order to Manufacture evenly throughout the year the volumes of Product set out in Schedule 2.3(d). Patheon shall perform all activities necessary to maintain a GMP compliant status of the manufacturing lines and areas of the Facility applicable to the manufacture of EXPAREL®.

2.2 Materials, Bill Back Items and Additional Services.

(a) All Materials necessary for the Manufacture of the Product are set forth in Schedule 1.49. Unless the Parties mutually agree otherwise, all Materials will be purchased by Pacira and shipped to Patheon in accordance with Section 2.2(c) below. If the Parties agree that Patheon is to source all or any of the Materials, such Materials will be invoiced to Pacira monthly at the time of purchase by Patheon, at cost, in accordance with the invoicing procedure set forth in ARTICLE IV ("Material Costs"). Patheon shall store, handle, and protect the Materials with a reasonable level of care, which shall include taking all reasonable precautions to ensure that the Materials are not subject to contamination, deterioration, destruction, or theft. Patheon shall keep adequate records of its usage of the Materials during the Term.

(b) Pacira acknowledges that Patheon is required under GMP to follow certain verification and approval processes for all vendors used by Patheon in the procurement of Materials. Pacira may provide Patheon with a copy of the results of any third-party or Pacira-conducted audit which verifies and approves a vendor under GMP and if acceptable under GMP Patheon shall accept such audit results as proof of such vendor's verification. In the event that Pacira requests Patheon to procure Materials from a vendor that is not currently verified by Patheon, Pacira or a third-party

under GMP, Pacira will be liable to Patheon for any reasonable auditing and verification costs incurred by Patheon under this Section 2.2(b) as an Additional Service.

(c) In the event Pacira provides Patheon with Materials as set forth in Section 2.2(a) ("Pacira-Supplied Materials"), Pacira will at its sole cost and expense, deliver Pacira-Supplied Materials to the Facility DDP (Incoterms 2010) at no cost to Patheon (with any VAT paid by Pacira) at least [**] before the Scheduled Production Date, in sufficient quantities for Patheon to Manufacture the desired quantities of Product and to ship Product by the Agreed Delivery Date. If the Pacira-Supplied Materials are not received [**] before the Scheduled Production Date, Patheon may delay the shipment of Product for a period of time proportionate to such delay. All shipments of Pacira-Supplied Materials, if required, will be accompanied by Certificate(s) of Analysis from the Material manufacturer or Pacira, confirming its compliance with the Material's specifications. Pacira will obtain the proper release of the Pacira-Supplied Materials from the applicable customs agency and/or Regulatory Authority. Pacira or Pacira's designated broker will be the "Importer of Record" for Pacira-Supplied Materials imported to the Facility. Pacira-Supplied Materials will be held by Patheon on behalf of Pacira as set forth in this Agreement. Title to Pacira-Supplied Materials will at all times remain the property of Pacira or a Pacira Affiliate. Any Pacira-Supplied Materials received by Patheon will only be used by Patheon to perform the Manufacturing Services.

(d) In the event Patheon purchases Materials as set forth in Section 2.2(a), Pacira and Patheon will agree upon a minimum inventory level of Materials required to support the Manufacture of the Product based on the last Forecast received by Patheon from Pacira. Patheon will keep on hand all Materials necessary to support the Manufacture of the Product based on such agreed-upon minimum inventory levels.

(e) Patheon will provide sufficient storage capacity to support storage of the required quantity of Materials pursuant to Section 2.2 of this Agreement and Product (not including Safety Stock) for [**] post Manufacture [**]. Any additional storage, or storage of Product beyond the [**] stated herein, will be subject to the mutual agreement of the Parties to include the fees relating thereto. [**] will be liable for all risk or loss of damage to stored Materials or Product limited to and in so far as [**] has insurance for the same in accordance with the following provision. At all times during the Term, [**] will maintain commercial insurance coverage at least as comprehensive as the coverage levels set forth on Schedule 2.2(e). Should an event arise leading to loss or damage of stored Materials or Product, any insurance proceeds received by [**] will first be paid to [**] for any loss or damage it has suffered, and thereafter to [**] in conjunction with other Persons pro-rated as necessary in the event the insurance proceeds are insufficient to cover all loss or damage. Pacira's cost price for the Materials as at the Effective Date is as set out in Schedule 1.49.

(f) Patheon shall invoice Pacira monthly for any Bill Back Items used in connection with the Manufacture of the Products during the preceding month in accordance with ARTICLE IV. Patheon may only invoice Bill Back Items that have been quoted to and approved in writing by Pacira's Project Manager, or otherwise mutually agreed to by the Parties in advance.

(g) If Pacira is interested in having Patheon perform Additional Services, Pacira will provide Patheon with a written request containing sufficient detail to enable Patheon to provide

Pacira with a quote and proposal to provide such Additional Services. Patheon may only invoice for Additional Services that have been quoted to and approved in writing by Pacira's Project Manager. Where a rate for Additional Services has been specified in Schedule 2.1 (a), such rates are calculated as at [**]. These fees will be adjusted on [**] to reflect any increase in the UK RPIJ: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk) during the previous 12 months. Patheon shall invoice Pacira monthly for any Additional Services performed by Patheon during the preceding month in accordance with ARTICLE IV.

(h) If Pacira decides to have Patheon perform Manufacturing Services for the Product for a Territory outside the United States, then Pacira will inform Patheon of the additional requirements for each new country and Patheon will prepare a quotation for consideration by Pacira of any additional costs for the Product destined for each new country. The agreed additional requirements and change over fees will be set out in a written amendment to this Agreement.

(i) Except as stated in this Agreement, or specified otherwise under the Technical Transfer Agreement and under Schedule 2.1(a), Patheon shall be solely responsible for all costs and expenses incurred in connection with the Manufacture of the Product hereunder.

2.3 Forecasting, Order, and Delivery of Products.

(a) No later than [**] prior to the anticipated FDA Approval Date and thereafter at least [**] prior to the first day of each calendar month during the Term, Pacira shall deliver to Patheon a written good faith [**] forecast, calculated monthly, estimating the quantities of each presentation of Product that Pacira expects to purchase from Patheon during such period (each, a "Forecast"). Pacira shall update the Forecast prior to the next monthly deadline if it determines that the volumes estimated in the most recent Forecast have changed by more than [**]. Except as set forth in Section 2.3(c) below, each Forecast shall be non-binding and shall be used by Patheon for planning purposes only.

(b) On or before the first day of May of each year of this Agreement, Pacira will give Patheon a written non-binding [**] forecast for strategic purposes, broken down by quarters for the second year of the forecast, of the volume of Product Pacira then anticipates to purchase from Patheon during such period.

(c) The [**] of each Forecast shall be considered binding firm orders. Pacira will issue Purchase Order(s) to purchase and for Patheon to Manufacture and deliver the agreed quantity of the Product for each such [**] period, provided that the delivery lead time must be at least [**] from the date of Patheon's acceptance of the Purchase Order pursuant to clause (d) below.

(d) Patheon shall accept all Purchase Orders for Product that are issued consistent with the [**] of the Forecast and the terms of this Agreement. Patheon can reject such Purchase Orders only to the extent the aggregate delivery volume for a month under all Purchase Orders (a) includes Product volumes which, in aggregate for the month of delivery, are equal to or greater than [**] set forth in Schedule 2.3(d) hereto (the "Pacira Annual Volume Forecast"), (b) exceed the maximum capacity of the Manufacturing Suites or Patheon's stock of Materials. Subject to this Section 2.3(d), Patheon shall, within [**] after Patheon receives any Purchase Order submitted in

accordance with this Section 2.3(d), accept in writing such Purchase Order confirming the scheduled date of production for such Products ("Scheduled Production Date") for the sole purposes of Section 2.2(c) and the delivery date for the Product ("Agreed Delivery Date").

(e) With respect to any amount ordered for delivery in a month that is in excess of [**], Patheon shall use commercially reasonable efforts to supply such amounts, and inform Pacira, at the time of receipt of the Purchase Order, of the amount that Patheon is in a position to supply. Subject to the preceding sentence, Pacira shall be obligated to purchase, and Patheon shall be obligated to deliver by the Agreed Delivery Date, such quantities of each presentation of Product as set forth in each Purchase Order accepted by Patheon pursuant to Section 2.3(d).

(f) Patheon shall deliver Product to Pacira [**] the Facility (as defined in Incoterms 2010) by the Agreed Delivery Date. All Product shall be packed for shipping in accordance with the Specifications. Title and risk of loss to Product shall pass to Pacira (or a designated Pacira Affiliate) at the time of delivery to Pacira (or the applicable Pacira Affiliate) at the Facility. Each delivery of Product shall be accompanied by a Certificate of Analysis and a Certificate of Compliance and such other documents as may be required pursuant to the Quality Agreement. The costs of all freight, insurance, handling fees, taxes, and other costs associated with the shipment of Product, as well as export licenses, import license, and customs formalities for the import and export of goods will be borne by Pacira. Patheon shall make all deliveries of Product hereunder utilizing stock rotation (including, as necessary, the Safety Stock) based on expiration dating, with Product expiring earliest delivered first. The Parties hereby incorporate by reference the distribution procedures of 21 C.F.R. § 211.150.

(g) If Pacira requests changes to any Purchase Order after receipt thereof by Patheon, Patheon shall use commercially reasonable efforts to comply with such changes.

2.4 Product Fees. The purchase price for all Products Manufactured hereunder (the "Product Fee") shall be as set forth on Schedule 2.1(a). Patheon shall invoice Pacira no more frequently than four (4) times per calendar month for the Product Fees for all quantities of Product Manufactured and ready for collection by Pacira not previously invoiced in accordance with Purchase Orders. All Product Fees will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV.

2.5 Base Fees. Patheon will invoice Pacira monthly in advance for the Base Fee set forth Schedule 2.1(a). All Base Fees will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV.

2.6 Product Fee Adjustment. The Parties shall use commercially reasonable efforts to reduce, through operating efficiencies, the cost of Manufacture of the Products during the Term, and the benefits of such reduction in costs shall be shared equally by the Parties. Starting on the [**], the Product Fee shall be adjusted annually to reflect upwards or downwards, any increase or decrease in the UK RPIJ: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk) during the preceding twelve (12) months. Schedule 2.1(a) shall be deemed amended pursuant to the terms hereof.

2.7 Safety Stock; Failure or Inability to Supply Product.

(a) Patheon shall ensure that Product is Manufactured and delivered to Pacira on a timely basis consistent with the terms of this Agreement (including the Forecast and Purchase Order procedures set forth in Section 2.3). In the event that Patheon, at any time during the Term, shall have reason to believe that it will be unable to supply Pacira with the full quantity of Product forecasted to be ordered or actually ordered by Pacira in a timely manner and in conformity with the warranty set forth in Section 6.3 (whether by reason of force majeure or otherwise), Patheon shall notify Pacira thereof within [**] business days. Promptly thereafter, the Parties shall meet to discuss how Pacira shall obtain such full quantity of conforming Product. Compliance by Patheon with this Section 2.7(a) shall not relieve Patheon of any other obligation or liability under this Agreement, including any obligation or liability under clauses (b) or (c) below. If Patheon's inability is partial, Patheon shall fulfill Purchase Orders with such quantities of Product as are available. In the event Patheon's inability to meet Purchase Orders or forecasts is due to a shortage of production capacity in the Manufacturing Suites, Patheon shall in addition to the foregoing requirements, promptly notify Pacira of such shortage of production capacity and the estimated date such shortage of production capacity is to end.

(b) Patheon shall establish a safety stock of Product at the Facility in an amount mutually agreed to by the Parties on a quarterly basis during the Term beginning on the FDA Approval Date (the "Safety Stock"). Patheon acknowledges that the purpose of the Safety Stock is to mitigate the risk to Pacira in the event of Patheon's inability to supply Product on a timely basis. Pacira shall pay a deposit (the "Deposit") equal to [**] of the Product Fees for all Product comprising the Safety Stock.

(c) If Patheon fails to Manufacture the full quantity of Product specified in a Purchase Order by the Agreed Delivery Date and in conformity with the warranty set forth in Section 6.3 (and such failure is directly due to the acts or omissions of Patheon where such acts or omission does not constitute a force majeure event pursuant to the terms of Section 10.2), and Patheon is unable to cure such failure within [**], in full and final settlement of such failure, Pacira, at its option, may (i) cancel the unfulfilled portion of such Purchase Order, in which event Pacira shall have no liability with respect to the portion of such Purchase Order so cancelled, or (ii) accept late delivery of all or any portion of the Product specified in such Purchase Order, in which event the Product Fee otherwise payable by Pacira with respect to all Product delivered late but accepted by Pacira under such Purchase Order shall be reduced by [**] per day for each day of delay after such Agreed Delivery Date, but not to exceed in aggregate an amount equal to [**] of the Product Fees of the Product delivered late (i.e., [**] or [**] per Purchase Order, whichever is lower.

2.8 Non-Conforming Product.

(a) In the event Patheon discovers a potential Non-Conforming Product prior to delivery of such Product to Pacira, Patheon shall provide written notice to Pacira as soon as practicable describing in detail the Non-Conforming Product and the potential cause of such Non-Conforming Product. Pacira (or its shipping carrier) will perform a customary inspection of the Products Manufactured by Patheon on receipt. For the avoidance of doubt, such inspection will be limited to a visual inspection of the shipment-ready packaged Products (and associated shipping

documentation) and Pacira will not be obligated to perform any testing of the Product. Pacira shall within [**] after delivery thereof by Patheon (or within [**] after Pacira discovers or is informed of a discovery of nonconformity that could not reasonably have been detected by the customary inspection on delivery but not after the expiration date of the Product), give Patheon notice of any Non-Conforming Product (including a sample of such Non-Conforming Product, if applicable) (a "Deficiency Notice"). Should Pacira fail to give Patheon the Deficiency Notice within the applicable [**] period, then the delivery will be deemed to have been accepted by Pacira on the [**] after delivery or discovery, as applicable. Patheon will have no liability whether pursuant to this Section 2.8, Section 3.11 or Section 3.13 or otherwise for any Nonconforming Product for which it has not received a Deficiency Notice within such applicable [**] period.

(b) Patheon shall conduct a root-cause analysis to verify whether a Product constitutes a Non-Conforming Product and, if found, to determine the cause of such Non-Conforming Product (including by undertaking an appropriate evaluation of a Non-Conforming Product sample, as applicable). Pacira shall provide reasonable cooperation to Patheon in connection with any such root-cause analysis. Patheon shall notify Pacira in writing of its determination regarding whether the Product constitutes a Non-Conforming Product within thirty (30) days after either discovery of the Non-Conforming Product or receipt of such Deficiency Notice from Pacira, as applicable. Such notification shall include Patheon's good faith determination of the cause of the Non-Conforming Product.

(c) "Patheon Nonconformance" shall mean (i) Patheon's deviation from the [**], (ii) Patheon's failure to perform [**], or (iii) Patheon's failure to provide the Manufacturing Services in accordance with the [**]. In the event of a Non-Conforming Product caused by a Patheon Nonconformance, Patheon, at Pacira's option, promptly shall (x) supply Pacira with a conforming quantity of Product at Pacira's expense (subject to Patheon reimbursing Pacira any Product Fees paid for the Non-Conforming Product and any shipment costs incurred by Pacira in the event that the Product was shipped from the Facility at the time of the discovery of the Patheon Nonconformance ("Shipment Costs")); or (y) reimburse Pacira for the Product Fee and Shipment Costs with respect to such Non-Conforming Product (in each case, to the extent applicable and/or already paid by Pacira). For the avoidance of doubt, Pacira will not be liable for Product Fees for Non-Conforming Product caused by a Patheon Nonconformance.

(d) If the Non-Conforming Product was caused by any reason other than a Patheon Nonconformance or the cause of such non-conformance is not identifiable, Pacira shall be liable for all expected Product Fees for such Non-Conforming Product, to the extent not already paid, as measured using the then-current Expected Yield Rate.

(e) If, following the root-cause analysis described in Section 2.8(b), Patheon notifies Pacira that it does not believe the Product is a Non-Conforming Product, or if the Parties disagree as to the cause of a Non-Conforming Product, the Parties shall first submit such dispute to the Project Managers for prompt resolution. If the Project Managers cannot resolve the dispute, the Parties shall submit the dispute to an independent expert or (if mutually agreed to by the Parties) a testing lab designated by Pacira (a "Expert") for evaluation, provided that Patheon shall be entitled to observe and obtain copies of all results of such evaluation. The Expert shall

determine (i) whether the Product is a Non-Conforming Product and (ii) the cause of the Non-Conforming Product. Both Parties shall cooperate with the Expert's reasonable requests for assistance in connection with its evaluation hereunder. The findings of the Expert shall be binding on the Parties, absent fraud or manifest error. The expenses of the Expert shall be borne (x) by Patheon if the testing confirms the Non-Conforming Product and the cause is found to be a Patheon Nonconformance; (y) by Pacira if the testing confirms the Non-Conforming Product and the cause is found not to be a Patheon Nonconformance or the cause of such non-conformance is not identifiable; (z) by the Party stating the Product was Non-Conforming in the event the testing concludes that the Product meets the warranty set forth in Section 6.3. Costs of dealing with Product Complaints and Inquiries will be dealt with in accordance with Section 3.11. Costs of recalls will be dealt with in accordance with Section 3.13. Patheon shall have no liability for any Non-conforming Product unless such Non-conforming Product is identified as being due to a Patheon Nonconformance.

(f) During its performance of the Manufacturing Services, Patheon is expected to produce a certain percentage of saleable batches of Product (the "Yield"). For the avoidance of doubt, Nonconforming Product arising from anything other than a Patheon Nonconformance is treated as good and saleable Product for the purposes of this Section 2.8(f). The Parties shall calculate the expected Yield every [**] in accordance with Schedule 2.8(f) (the "Expected Yield Rate"). In the event the actual Yield in any [**] period is lower than the then-current Expected Yield Rate for such [**] period, Patheon will reimburse Pacira for excess Materials used by Patheon as a result of Patheon's failure to meet the Expected Yield Rate in such batches (*i.e.*, a pro-rated refund of Material Costs (if any) paid by Pacira and/or reimbursement to Pacira for the cost of any Pacira-Supplied Materials incurred by Pacira).

2.9 Equipment and Amendment of Product Specifications, Manufacturing Process, Equipment and Formulation.

(a) Equipment.

(i) "Pacira Manufacturing Equipment" shall mean process equipment necessary to Manufacture the bulk EXPAREL® and shall consist of process skids, Temperature Control Unit (TCU) skids, CIP skids, COP parts washer, TFF IPA COP system, product and pooling vessels and automation hardware/software to run the process skids.

(ii) "Patheon Manufacturing Equipment" shall mean any equipment, other than the Pacira Manufacturing Equipment, necessary to Manufacture the Product, including filling, packaging, testing, clean and dirty utilities, waste handling systems and all building infrastructure and any and all improvements or additions made thereto. Additions or improvements to Patheon Manufacturing Equipment paid for by Pacira pursuant to the Technical Transfer Agreement to the extent such Equipment is reasonably capable of separation, and can practically and sensibly be separated, from the Facility or other equipment at the Facility at the date of termination of this Agreement ("Pacira Purchased Patheon Manufacturing Equipment") shall belong to Pacira. All other Patheon Manufacturing Equipment shall belong to Patheon.

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(iii) Title to all Pacira Manufacturing Equipment and the Pacira Purchased Patheon Manufacturing Equipment will be held by Pacira or a Pacira Affiliate. Title to all Patheon Manufacturing Equipment except Pacira Purchased Patheon Manufacturing Equipment will be held by Patheon.

(iv) Patheon is authorized to use the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment solely for the purposes of performing the Manufacturing Services for Pacira.

(v) During the Term, Pacira shall be responsible for additions and replacement cost of any Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment. Once the initial additions/upgrades to the Patheon Manufacturing Equipment have been paid by Pacira, Patheon shall be responsible for any other additions and replacement cost of any Patheon Manufacturing Equipment.

(vi) As of the Effective Date, the Patheon Manufacturing Equipment includes a [**] filling line. The [**] filling line shall be used [**] to Manufacture the Product during the Term commencing on the date of commercial Manufacture. Prior to first fill on the [**] pursuant hereto and thereafter, Patheon shall have in place a risk mitigation plan in the event that the [**] is not operational or sufficient to fulfill those Pacira's Purchase Orders which Patheon is obliged to accept pursuant to Section 2.3(d). Prior to first fill on the [**] pursuant hereto, Patheon shall provide a copy of such risk management plans to Pacira for Pacira's review and approval (which shall not be unreasonably withheld).

(vii) During the Term, Patheon shall, at its sole cost and expense, subject to this subsection (vii), provide all Maintenance for the Equipment and Facilities. Notwithstanding the foregoing, with respect to the Pacira Manufacturing Equipment and the Pacira Purchased Patheon Manufacturing Equipment, Maintenance does not include the cost of spare parts, Equipment breakdowns caused by any reason outside of Patheon's reasonable control, or specialized maintenance services not within Patheon's technical expertise or that requires specialist equipment, in each case where Patheon is required to utilize a third-party contractor. Patheon's costs associated with such spare parts and third-party contractors will be reimbursed by Pacira as a Bill Back Item. Patheon shall not be liable for ordinary wear and tear of the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment; Patheon shall only be liable for the repair or replacement of any damage caused to such Equipment where such damage arises due to its negligence or willful misconduct. Throughout the Term of this Agreement, Patheon shall maintain casualty insurance on Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment in the amount equal to at least the depreciated value of such Equipment.

(b) For changes to the Specifications, Quality Agreement, Pacira's Manufacturing Process, the Equipment, the Services to be provided pursuant hereto or the formulation of the Product that are required by Applicable Law (collectively, "Required Manufacturing Changes"), Patheon and Pacira shall cooperate to promptly make such changes within the required timeline.

(c) For changes to the Specifications, Quality Agreement, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product that are not Required Manufacturing Changes (collectively, "Discretionary Manufacturing Changes"), Patheon and Pacira must each agree to any Discretionary Manufacturing Changes and shall cooperate in making such changes, and each agrees that it shall not unreasonably withhold or delay its consent to such Discretionary Manufacturing Changes.

(d) Notwithstanding the foregoing, all internal and external costs, including, without limitation, costs of obsolete Materials, work-in-process and Product (i) associated with Required Manufacturing Changes shall be borne by Pacira, and (ii) all such costs associated with Discretionary Manufacturing Changes shall be agreed between the Parties; provided that, in each case, all such costs shall be commensurate with costs common in the industry for the types of changes being made.

(e) In the event that Pacira changes the Specifications, Quality Agreement, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product, or consents to any change by Patheon, Patheon shall provide to Pacira at Pacira's cost as an Additional Service any such documentation or other information with respect thereto as they relate to the Manufacturing Services as Pacira may reasonably request in order to obtain or maintain any Regulatory Approval or comply with GMP or other Applicable Law.

2.10 Usage of Manufacturing Suites. Patheon agrees that, starting on the date of receipt of FDA approval for Patheon's manufacturing, testing, and packaging for the Product at Manufacturing Suite B-2, Patheon shall use Manufacturing Suite B-2 until full capacity and in priority over Manufacturing Suite A-2, and shall only use Manufacturing Suite A-2 if necessary to supply the Products ordered by Pacira hereunder. Full capacity for Manufacturing Suite B-2 will be agreed by the Parties following completion of the Technical Transfer Agreement, and shall be ratified by the Steering Committee.

2.11 [**]. From the Effective Date until [**], Patheon shall not [**] or any other [**] to any Person other Pacira without first notifying Pacira in writing of its intent to [**] and offering Pacira a reasonable good faith offer to use such [**] to Manufacture the Product.

ARTICLE III. REGULATORY, ACCESS, AND OTHER MATTERS

3.1 Quality Agreement. Prior to the FDA Approval Date, the Parties shall enter into a mutually agreed upon quality agreement ("Quality Agreement").

3.2 Release. All Product shall be released in accordance with the terms of the Quality Agreement.

3.3 Maintenance of Facility.

(a) Patheon shall Manufacture the Product [**] at the Facility, unless Pacira has granted prior written consent to Manufacture the Product at any other facility, such consent to be granted by Pacira in its sole discretion.

(b) Subject to Section 2.9(b)-(d), Patheon shall ensure that any and all necessary licenses, registrations, and Regulatory Authority approvals have been obtained in connection with the Facility and Equipment used in connection with the Manufacture of the Product by Patheon.

(c) Subject to Section 2.9, Patheon shall maintain the Facility and Equipment in a state of repair and operating efficiency consistent with the requirements of the Specifications, the Regulatory Approvals, Pacira's Manufacturing Process, GMP, and all other Applicable Law. Prior to each use of Equipment in Manufacturing the Product, Patheon shall ensure that such Equipment is cleaned, sterilized and consistent with any procedures reasonably established by Pacira and notified to Patheon, the Specifications, the Regulatory Approvals, Pacira's Manufacturing Process, GMP, and all other Applicable Law. Without limitation of the foregoing, Patheon agrees to implement, in connection with the Manufacture of the Product, quality assurance and quality control procedures, including validation protocols, process change procedures, and methods of statistical analysis that are reasonably satisfactory to Pacira.

(d) Patheon shall maintain in the Facility an adequate GMP and temperature controlled area for the Product, all intermediates thereof, and Materials used in Manufacturing the Product in accordance with the Specifications, the Regulatory Approvals, Pacira's Manufacturing Process, any risk mitigation plan, the Quality Agreement, GMP, and all Applicable Law. All Product, intermediates and Materials (as applicable) shall be held by Patheon in a GMP and temperature controlled area (on a separate pallet and SAP reference from other products) until delivery to Pacira.

(e) Patheon shall only use qualified disposal services or sites that have appropriate environmental and operating permits and are in compliance with the Quality Agreement and Applicable Law.

3.4 Pacira On Site Representatives; Project Managers. For so long as Patheon is obligated to Manufacture and supply the Products for Pacira, Pacira shall have the right at all times throughout the Term to have [**] representatives present (or other number as mutually agreed to by the Parties) (each, a "Pacira On Site Representative") in that portion of Patheon's Manufacturing facilities that is being used to Manufacture the Product or store Materials to observe the procedures and processes used to Manufacture the Product. Subject to the following sentence, such representatives shall have full access to the Manufacturing Suites and to all non-financial records that relate to the Product, the Materials and Bill Back Items. Patheon shall provide reasonable (semi-permanent) on-site accommodations at the Facility for the Pacira On Site Representatives (*e.g.*, office space). For the avoidance of doubt, the term "non-financial records" as used in this Agreement does not include the Reports (defined in Section 3.12 below). Pacira On Site Representatives shall observe at all times Patheon's policies and procedures (as amended from time-to-time) as they pertain to the Facility, including policies relating to health and safety and compliance with GMP, and comply with all reasonable directions of Patheon in relation to the same; provided that Pacira is given notice of such policies and given a reasonable period of time to review and implement such policies. Patheon may refuse or limit in its sole discretion at any time admission to the Facility by any Pacira On Site Representative who fails to observe such policies or comply with such reasonable directions. For the avoidance of doubt, Pacira On Site Representatives shall have (i) no management authority over any Patheon employee and (ii) no

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authority to conclude contracts on behalf of Pacira. Patheon and Pacira will each appoint a project manager (each, a "Project Manager" and, together, the "Project Managers"), who will meet as needed to resolve any issues or problems arising in the performance of this Agreement. Pacira may request from Patheon a change of Project Manager, which such request shall be referred to the Steering Committee. Pacira's Project Manager may be one of the Pacira On Site Representatives.

3.5 Notification of Regulatory Inspections. Patheon shall notify Pacira by telephone within one (1) business day, and in writing within two (2) business days, after learning of any proposed or unannounced visit or inspection of any part of the Facility which concerns the Manufacture of the Product by any Regulatory Authority, including the Occupational Safety and Health Administration or any equivalent governmental agencies of the country of Manufacture, and shall permit Pacira or its agents to be present at the Facility to support Patheon during such visit or inspection if it impacts the Product. Patheon shall provide to Pacira in so far as it affects the Product or the Manufacturing Suites either a copy of or a summary of any report and other written communications received from such Regulatory Authority in connection with any visit or inspection, including the Form 483 observations and responses or any equivalent form under Applicable Law. Such copy or summary shall be provided to Pacira within three (3) business days of Patheon's receipt thereof (and may be redacted as Patheon acting reasonably deems necessary to protect the confidentiality of matters not affecting the Product or which are confidential to Patheon or to other clients of Patheon). Pacira shall have the right to review and comment on any communications with such Regulatory Authority pertaining to such inspection as set forth in Section 3.16.

3.6 Manufacturing Records. Patheon shall maintain, or cause to be maintained, (a) all records necessary to comply with GMP and all other Applicable Law relating to the Manufacture of Product, (b) all Manufacturing records, standard operating procedures, equipment log books, batch records, laboratory notebooks, and all raw data relating to the Manufacturing of the Product, and (c) such other records as Pacira may reasonably require in order to ensure compliance by Patheon with the terms of this Agreement. The template, form and style of all records referred to herein are the exclusive property of Patheon; Pacira Proprietary Information and all Product-specific related information contained in these records shall be deemed Proprietary Information of Pacira and be retained for such period as may be required by GMP and all other Applicable Law or for such longer period as Pacira may reasonably require.

3.7 Labeling and Packaging. Pacira shall specify all labeling to be used on the Product and the packaging thereof, or if no labeling will be required by Pacira as a result of Pacira's use of a separate contract packager or for any other reason. Patheon agrees to use only such labeling and packaging on the Product as set out in the Specifications. Other than as required by GMP or Applicable Law, Patheon shall not affix to the Product any label, stamp, or other mark identifying Patheon as the source or manufacturer of the Product.

3.8 Compliance with Applicable Laws. Patheon shall comply and shall cause each of its Materials and Bill Back Items suppliers to comply with the Quality Agreement, GMP and Applicable Law in carrying out the Manufacturing of the Product and its other duties and

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obligations under this Agreement. Should during the Term of this Agreement a change or changes in Applicable Law lead to Patheon (a) providing services not originally contemplated by Patheon, or (b) incurring increased costs in order to comply with said change or changes, any such services or costs (to the extent pertaining to the Product or related to the Pacira Manufacturing Process, Pacira Manufacturing Equipment or Pacira Purchased Patheon Manufacturing Equipment) shall constitute an Additional Service subject to mutual written agreement of the Parties.

3.9 Compliance Audits. With the exception of "for cause" audits (e.g., audits arising in the event of regulatory issues or material Product conformity issues), Pacira and its designated representatives shall have the right to audit [**] all applicable non-financial records of Patheon for the purpose of determining Patheon's compliance with the obligations set forth in this Agreement, including Sections 2.2(a) and 6.2, and the terms of any Purchase Order. Such audit right shall include the right to inspect: (a) the Materials used in the Manufacture of the Product, (b) the holding facilities for such Materials, (c) the Equipment used in the Manufacture of the Product, and (d) all non-financial records relating to the Manufacturing Suites and the Manufacturing of the Product (subject to any other restrictions set forth in this Agreement). Pacira shall provide Patheon at least [**] prior advance notice of its intention to conduct such audit and the Parties will determine a mutually agreeable date for such audit. Pacira shall include no more than [**] of Pacira's representatives in each such audit, with each such audit lasting no more than [**], in each case without Patheon's prior written consent.

3.10 Inventory Reviews. Without limiting the foregoing, Pacira shall have the right, with Patheon's assistance, to conduct an annual inventory count of the Materials and of the Products. Following an audit or inventory, Pacira may discuss its observations and conclusions with Patheon, and Patheon shall promptly implement such corrective actions after notification thereof by Pacira. In the event the Parties are unable to agree upon whether or not corrective actions are necessary, such dispute shall be resolved pursuant to the terms of Section 10.10.

3.11 Product Inquiries and Complaints.

(a) With respect to Products Manufactured by Patheon, each Party will promptly submit to the other Party any Product safety and efficacy inquiries, Product quality complaints, and adverse drug event reports received by such Party, together with all available evidence and other information relating thereto, in accordance with procedures to be agreed upon by the Parties. Except as otherwise required by, or to comply with, Applicable Law or the terms of this Agreement, Pacira, as the Party holding the applicable Regulatory Approval, will be responsible for investigating and responding to all such inquiries, complaints, and adverse events regarding the Product, and reporting to the FDA or any other Regulatory Authority.

(b) Pursuant to a reported complaint or adverse drug event pertaining to the Products manufactured by Patheon, if the nature of the reported complaint or adverse drug event requires testing, Patheon will, upon Pacira's request and approval, perform analytical testing of corresponding Product complaint or retention samples and provide the results thereto to Pacira as soon as reasonably practicable, but no later than [**] after Pacira's request. Such testing shall be performed using approved testing procedures as set forth in the applicable Regulatory Approval or the Quality Agreement. If such analytical testing concludes that the reported complaint or adverse

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drug event was the result of a Patheon Nonconformance, subject to Pacira having provided to Patheon a Deficiency Notice in accordance with the provisions of Section 2.8 including as to timing, Patheon shall reimburse Pacira for [**] associated with such complaint or adverse drug event and incurred by Pacira with respect to such nonconforming Product, including [**], which costs Pacira shall have the right to [**]. Costs of recalls will be dealt with in accordance with Section 3.13. If such analytical testing concludes that the reported complaint or adverse drug event was not the result of a Patheon Nonconformance, Pacira shall compensate Patheon for all costs associated with such complaint or adverse drug event and incurred by Patheon with respect to such nonconforming Product, including costs of recalls, market withdrawals, returns, and destruction.

(c) If the Parties disagree as to which Party is responsible, Patheon and Pacira representatives shall attempt to resolve such dispute. If the representatives cannot resolve such dispute within [**], the retention samples shall be submitted by Patheon and Pacira to an Expert and Section 2.8 shall apply.

3.12 Reports. Prior to the start of Patheon's commercial Manufacture of the Product (or as reasonably requested by Pacira prior to such date), Patheon and Pacira will work together in good faith to develop and agree upon Patheon's ordinary course reporting obligations. Such reports ("Reports") will include those reports as necessary for Pacira to (a) manage Product inventory; (b) manage its financial close and reporting; (c) monitor on-going Product and process performance for its internal analysis and reporting; and (d) comply with Applicable Law. Patheon will deliver such reports via electronic delivery methods, including by utilizing Patheon's existing IT systems as practicable.

3.13 Product Recalls.

(a) In the event (i) any Regulatory Authority issues a request, directive, or order that Product be recalled, (ii) a court of competent jurisdiction orders such a recall, or (iii) Pacira as holder of the applicable Regulatory Approval shall reasonably determine that Product should be recalled, withdrawn, or a field correction issued, the Parties shall take all appropriate corrective actions, and shall cooperate in the investigations surrounding the recall. In the event that Pacira determines that Product should be recalled, to the extent possible, Pacira shall consult with Patheon prior to taking any corrective actions. In the event of any Product recall, withdrawal, or field correction resulting from a Patheon Nonconformance, and subject to Pacira having provided to Patheon a Deficiency Notice in accordance with the provision of Section 2.8 including as to timing, Patheon shall bear [**] associated with such recall, withdrawal, or field correction, which shall include [**] of the recalled Product and [**] incurred by Pacira with respect to such Product. In all other circumstances, all costs associated with any Product recall, withdrawal, or field correction shall be borne by Pacira.

(b) If there is any dispute concerning which Party's acts or omissions gave rise to such recall of Product, Patheon and Pacira representatives shall attempt to resolve such dispute. If the representatives cannot resolve such dispute within [**], the matter shall be submitted by Patheon and Pacira to an Expert and Section 2.8 shall apply.

3.14 Payment Audits.

(a) Upon [**] prior written notice, Pacira may audit the relevant books and records of Patheon pertaining to Product Fees and associated Product quantity under this Agreement (but excluding any personnel records or Patheon's profits and losses statements) and with respect to any third-party invoices subsequently invoiced to Pacira pertaining to Patheon's provision of Equipment, Materials, Bill Back Items and Additional Services hereunder; provided, however, that Pacira will not be entitled to more than [**] audit during any [**] period. Such audits will be conducted during normal business hours, without undue disruption to Patheon's business, and may be conducted by Pacira, or by an independent public accounting firm designated by Pacira who is bound by confidentiality obligations at least as stringent as those set forth in the Confidentiality Agreement. Except as hereinafter set forth, Pacira will bear the full cost of the performance of any such audit.

(b) If, as a result of any audit of the books and records of Patheon, it is shown that the payments or credits from one Party to the other under this Agreement with respect to the period of time audited were less than or more than the amount that should have been paid or credited, then the Parties will reconcile the amounts owed by each Party to the other. In addition, if such audit demonstrates that Patheon has overcharged Pacira hereunder by more than [**] for the period audited, then Patheon will also reimburse Pacira for its documented reasonable out-of-pocket costs and expenses incurred in connection with the audit.

3.15 Subcontractors. Prior to subcontracting any of Patheon's obligations hereunder, Patheon will notify Pacira of the proposed subcontractor (including in so far as they are working in Manufacturing Suites A-2 or B-2, temporary workers and other independent contractors) and will obtain Pacira's written approval of such subcontractor, such approval not to be unreasonably withheld or delayed. The terms of any subcontract will be in writing, will be subject to Pacira's prior approval, and will be consistent with this Agreement, unless Pacira agrees otherwise, including (a) confidentiality obligations and (b) compliance with Applicable Law, as required of Patheon under this Agreement. No subcontracting will release Patheon from its responsibility for its obligations under this Agreement. Patheon will be responsible for the work and activities of each of Patheon's subcontractors, including compliance with the terms of this Agreement. Regulatory Filings and Communications.

3.16 Regulatory Filing Obligations. Except as otherwise set forth in this Agreement or the Technical Transfer Agreement, each Party will be responsible for all routine filings and communications with Regulatory Authorities ("Regulatory Filings") required with respect to such Party's Regulatory Obligations hereunder. "Regulatory Obligations" shall mean: (i) with respect to Pacira, any Regulatory Filings pertaining to the Product, the Pacira Manufacturing Process, and Patheon's filling and packaging processes and procedures; and (ii) with respect to Patheon, any Regulatory Filings pertaining to the Facility, including in connection with a Facility inspection by a Regulatory Authority (*e.g.*, those described in Section 3.5). For the avoidance of doubt, Pacira shall have the sole responsibility and Regulatory Obligation for the filing of all documents with all applicable Regulatory Authorities, and to take any other actions that may be required, for the receipt of Regulatory Approval for the development or commercial manufacture of the Product.

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(a) Cooperation. Each Party ("Non-Filing Party") will provide reasonable assistance and cooperation to the other Party ("Filing Party") in the connection with the Filing Party's Regulatory Obligations consistent with the terms of this Section 3.16 and the Non-Filing Party's obligations under this Agreement. The Filing Party shall notify the Non-Filing Party in writing of any written communications received by the Filing Party from a Regulatory Authority related to the other Party's Regulatory Obligations within three (3) business days after receipt thereof. The Filing Party shall consult with the Non-Filing Party concerning the response of the Filing Party to each such communication, unless such filing is not relevant to the Non-Filing Party's Regulatory Obligations.

(b) Verification of Data. Prior to filing any documents or communications with a Regulatory Authority that incorporate or uses data generated by the Non-Filing Party or otherwise relate to the Non-Filing Party's Regulatory Obligations, the Filing Party will give the Non-Filing Party a draft of such document or communication ("Initial Draft") to give the Non-Filing Party the opportunity to verify the accuracy and regulatory validity of such Initial Draft. The Non-Filing Party shall be given a minimum of fourteen (14) calendar days to review the Initial Draft, but the Parties may mutually agree to a different time for the review as needed under the circumstances. The Initial Draft may be redacted by the Filing Party as reasonably deems necessary to protect the confidentiality of matters not affecting the Non-Filing Party or which are confidential to the Filing Party or to other clients or customers of the Non-Filing Party. The Parties agree that in reviewing the Initial Draft, the Non-Filing Party's role will be limited to verifying the accuracy of the description of its Regulatory Filing Obligations or accuracy of its data or information in the Initial Draft.

(c) Inaccuracies. If the Non-Filing Party determines that any of its data or information in the Initial Draft is inaccurate or any other errors relating to the Non-Filing Party's Regulatory Obligations, the Non-Filing Party will notify Filing Party in writing of such inaccuracy and provide a recommendation to remediate the Initial Draft. Such notice shall also include documentation and data sufficient to substantiate the Non-Filing Party's claim that the Initial Draft is inaccurate to the Filing Party's reasonable satisfaction. The Non-Filing Party shall provide comments to the Initial Draft no later than seven (7) days prior to the required filing date with the applicable Regulatory Authority. If the Non-Filing Party does not provide comments or notify the Filing Party of inaccuracies within such seven (7) day period, the Non-Filing Party will be deemed to have approved any data or language related to its Regulatory Obligations in the Initial Draft. The Filing Party shall be required to incorporate the Non-Filing Party's recommendations to the extent they directly relate to an error in the Non-Filing Party's data or information or the Non-Filing Party's Regulatory Filing Obligations. The Parties will work together in good faith to resolve any inaccuracies contained in the Initial Draft as soon as practicable under the circumstances to prevent a delay or postponement of such filing (or any related inspections by such Regulatory Authority to which the filing relates). Any on-going disagreement regarding the Deficiencies shall be escalated to the Steering Committee for resolution on an expedited basis.

(d) Responsibilities. The Filing Party shall deliver a copy of the final version of the filing ("Final Filing") to the Non-Filing Party at least three (3) days prior to the required filing date. Subject to the foregoing, the Non-Filing Party will not assume any responsibility for

the accuracy of any other materials submitted by the Filing Party to a Regulatory Authority in connection with this Agreement. Except as otherwise set forth in this Agreement or the Technical Transfer Agreement, the Filing Party is solely responsible for the preparation and filing of any materials required by a Regulatory Authority with respect to such Party's Regulatory Filing Obligations hereunder and any relevant costs will be borne by the Filing Party.

ARTICLE IV. FEES AND INVOICING

4.1 General. (a) Except as otherwise set forth in this Agreement or Technical Transfer Agreement, Patheon shall invoice Pacira on a monthly basis for all applicable fees and charges incurred by Patheon during the preceding month. (b) All invoices shall be sent electronically to accountspayable@pacira.com no later than the fifth day of each month. Payment shall be due thirty (30) days after receipt by Pacira of an undisputed invoice.

4.2 Late Fees. In relation to all invoices issued by Patheon pursuant to this Agreement, if Pacira fails to make any payment due to Patheon by the due date for payment, then, without limiting Patheon's remedies under ARTICLE VIII or at law, Patheon may charge interest on past due accounts at [**] which is equal to an annual rate of [**].

4.3 Disputed Invoices. If Pacira disputes any portion of an invoice, (a) Pacira shall provide Patheon with written notice of the disputed portion within [**] of receipt by Pacira of Patheon's invoice and its reasons therefor and shall not be obligated to pay such disputed portion unless and until such disputed portion is determined to be due and owing, and (b) Patheon shall cancel such invoice and issue a new invoice reflecting the undisputed invoiced amount, which shall be paid by Pacira within [**]. The Parties shall use good faith efforts to resolve the dispute regarding the disputed amount promptly, and if the Parties agree that a balance is due, Patheon shall issue an invoice for such balance, and payment shall be due [**] after receipt of such invoice. In the event of any inconsistency between an invoice and this Agreement, the terms of this Agreement shall control.

4.4 Exchange Rate Fluctuations. The Parties agree that Patheon will adjust all fees and charges to reflect currency fluctuations on each anniversary date of the Effective Date. The adjustment will proportionately reflect the increase or decrease, if any, in the current Set Exchange Rate compared to the Set Exchange Rate established for the prior calendar year of the Term. In respect of the adjustment at the end of the first year of the Term, the adjustment will proportionately reflect the increase or decrease, if any, in the current Set Exchange Rate compared to Initial Set Exchange Rate. An example of the calculation is set out in Schedule 4.4.

4.1 Taxes.

(a) Patheon will bear all taxes ("Tax" or "Taxes"), however designated, imposed as a result of the provision by Patheon of the Services under this Agreement for the following:

(i) income taxes imposed on Patheon arising from Manufacture of the Product performed at the Facility by its jurisdiction of residence.

(ii) Tax in the ordinary course of business for purchases made by Patheon in the course of providing its Services, such as Value Added Tax ("VAT") and similar taxes. It does not include taxes paid by Patheon on behalf of or as agent for Pacira.

(b) Pacira shall be liable for taxes on its income and non-income that arise from the provision of Pacira-Supplied Materials and Pacira Manufacturing Equipment including VAT, customs, and duties. However, the Parties agree that they will use commercially reasonable efforts to reduce the financial impact for VAT that may apply.

(c) If either Party is required to bear a tax, duty, levy or similar charge pursuant to this Agreement by any state, federal, provincial or foreign government, including, but not limited to, Value Added Tax, that Party will pay such tax, duty, levy or similar charge and any additional amounts to the appropriate taxing authority. Any Tax that Pacira pays, or is required to pay, but which Pacira believes should properly be paid by Patheon pursuant hereto may not be offset against sums due by Pacira to Patheon whether due pursuant to this Agreement or otherwise.

ARTICLE V. INTELLECTUAL PROPERTY

5.1 Ownership.

(a) Pacira shall maintain ownership and Control of all of its technology and intellectual property rights existing prior to the Effective Date ("Existing Pacira Intellectual Property").

(b) Patheon shall maintain ownership and Control of all of its technology and intellectual property rights existing prior to the Effective Date ("Existing Patheon Intellectual Property").

(c) Existing Pacira Intellectual Property shall include and Pacira shall own all right, title, and interest in and to (i) the Product, (ii) the Specifications, and (iii) Pacira's Manufacturing Process.

(d) Existing Patheon Intellectual Property shall include and Patheon shall own all right, title, and interest in and to the Patheon Manufacturing Equipment as of the Effective Date (excluding the Parcia Purchased Patheon Manufacturing Equipment and Pacira Purchased Manufacturing Equipment Improvements).

(e) Pacira shall own all right, title, and interest in and to, all intellectual property (specifically including inventions and patents and patent applications therefor) with respect to, and any data with respect to:

(i) (A) any improvement of, modification of, change of, enhancement of, new indication for, new formula for, new formulation for, new ingredients for, new dosage for, new dosage strength for, new means of delivery for, or new labeling or packaging for, the Product ("Pacira Product Improvements"); (B) any improvement of, modification of, change of, or enhancement of

the Specifications not comprising Patheon Filling, Labelling or Packaging Improvements, Existing Patheon Intellectual Property or Patheon Independent Manufacturing Equipment Improvements ("Pacira Specification Improvements"); and (C) any improvement of, modification of, change of, enhancement of, new process for, new procedure for, new step for Pacira's Manufacturing Process not comprising of Patheon Filling, Labeling or Packaging Improvements, Existing Patheon Intellectual Property or Patheon Independent Manufacturing Equipment Improvements ("Pacira's Manufacturing Process Improvements"); (D) any improvement of, modification of, change of, enhancement of Pacira Purchased Patheon Manufacturing Equipment not comprising Patheon Filling, Labelling or Packaging Improvements, Existing Patheon Intellectual Property or Patheon Independent Manufacturing Equipment Improvements ("Pacira Purchased Manufacturing Equipment Improvements") in each of case (A), (B), (C) and (D), (1) that is developed, conceived, or created as a result of or in connection with this Agreement, including Patheon's Manufacturing of the Product hereunder, (2) whether or not patentable, and (3) whether developed, conceived, or created by employees of, or consultants to, Pacira or Patheon, alone or jointly with each other or with permitted third parties (including permitted sublicensees and subcontractors); and

(ii) any inventions or other intellectual property developed, conceived, or created by Pacira, alone or jointly with third parties (other than Patheon or its Affiliates, or their respective employees and consultants), in the course of conducting activities outside the scope of this Agreement and without any use of any Existing Patheon Intellectual Property, Patheon Filling, Labeling or Packaging Improvements or Patheon Independent Manufacturing Equipment Improvements (as defined hereunder).

(f) Patheon shall own all right, title, and interest in and to, all intellectual property (specifically including inventions and patents and patent applications therefor) with respect to, and any data with respect to:

(i) any improvement of, modification of, change of, enhancement of Patheon's Manufacturing Equipment, (1) that is developed, conceived, or created as a result of or in connection with this Agreement, including Patheon's Manufacturing of the Product hereunder, (2) whether or not patentable, (3) whether developed, conceived, or created by employees of, or consultants to, Pacira or Patheon, alone or jointly with each other or with permitted third parties (including permitted sublicensees); and (4) not comprising Pacira Purchased Manufacturing Equipment Improvements, ("Patheon Independent Manufacturing Equipment Improvements");

(ii) any improvement of, modification of, change of, enhancement of filling, labeling or packaging technology or equipment which is (x) generated or derived by Patheon, alone of jointly, and (y) of generic application rather than specific to the Product (not comprising of Pacira Manufacturing Process Improvements, Existing Pacira Intellectual Property, Pacira Product Improvements or Pacira Specification Improvements) ("Patheon Filling, Labeling or Packaging Improvement"); and

(iii) any inventions or other intellectual property developed, conceived, or created by Patheon, alone or jointly with third parties, in the course of conducting activities outside the scope of this Agreement and without any use of any Existing Pacira Intellectual Property, Pacira Product

Improvements, Pacira Specification Improvements, or Pacira Manufacturing Process Improvements.

(g) Patheon agrees to, and hereby does, and shall cause each of its employees, consultants, and Affiliates (collectively with Patheon, the "Patheon Assignors") to assign to Pacira all right, title, and interest in and to the Pacira Product Improvements, Pacira Specification Improvements, Pacira's Manufacturing Process Improvements and (only to the extent the same is owned by the Patheon Assignors) Pacira Purchased Manufacturing Equipment Improvements developed, conceived, or created by such Patheon Assignors, alone or jointly with others, including all intellectual property rights associated therewith. Upon Pacira's request and at Pacira's sole expense, Patheon shall, and shall use commercially reasonable efforts to cause each Patheon Assignor to, assist Pacira or anyone Pacira reasonably designates in preparing, filing, prosecuting, obtaining, enforcing, or defending any patent, copyright, or other intellectual property application or grant of right issuing therefrom for same in any and all countries in the world.

(h) Pacira agrees to, and hereby does, and shall cause each of its employees, consultants, and Affiliates (collectively with Pacira, the "Pacira Assignors") to assign exclusively to Patheon all right, title, and interest in and to Patheon Independent Manufacturing Equipment Improvements and Patheon Filling, Labeling or Packaging Improvement developed, conceived, or created by such Pacira Assignors, alone or jointly with others, including all intellectual property rights associated therewith. Upon Patheon's request and at Patheon's sole expense, Pacira shall, and shall use commercially reasonable efforts to cause each Pacira Assignor to, assist Patheon or anyone Patheon reasonably designates in preparing, filing, prosecuting, obtaining, enforcing, or defending any patent, copyright, or other intellectual property application or grant of right issuing therefrom for same in any and all countries in the world.

(i) Patheon shall, and shall cause its Affiliates to, promptly, and in any event within [**] following reduction to practice, disclose in writing and in reasonable detail to Pacira any Pacira Product Improvements, Pacira Specification Improvements, Pacira's Manufacturing Process Improvements, or any Pacira Purchased Manufacturing Equipment Improvements developed, conceived, or created by employees, consultants, or subcontractors of Patheon or its Affiliates, alone or jointly with employees, consultants or subcontractors of Pacira or its Affiliates. Such written notice will be treated as the Proprietary Information of Pacira hereunder.

(j) Pacira shall, and shall cause its Affiliates to, promptly, and in any event within [**] following reduction to practice, disclose in writing and in reasonable detail to Patheon any potential Patheon Independent Manufacturing Equipment Improvements or Patheon Filling, Labeling or Packaging Improvement developed, conceived, or created by employees, consultants, or subcontractors of Pacira or its Affiliates, alone or jointly with employees, consultants , or subcontractors of Patheon or its Affiliates. Such written notice will be treated as the Proprietary Information of Patheon hereunder.

(k) Patheon agrees to have each Patheon Assignor enter into a written agreement with Patheon, or directly with Pacira (i) to assign to Pacira all right, title, and interest in and to any Pacira Product Improvements, Pacira Specification Improvements, Pacira's Manufacturing Process Improvements or Pacira Purchased Manufacturing Equipment Improvements (limited in to those

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rights, title, interest and intellectual property rights as are owned by the Patheon Assignors) arising during the course or his, her, or its employment or engagement with Patheon, and all intellectual property rights with respect thereto, and (ii) to agree to obligations of confidentiality and non-use with respect to all Proprietary Information that are at least as stringent as those set forth in the Confidentiality Agreement.

(l) Pacira agrees to have each Pacira Assignor, enter into a written agreement with Pacira, or directly with Patheon (i) to assign to Patheon all right, title, and interest in and to any Patheon Independent Manufacturing Equipment Improvements or Patheon Filling, Labeling or Packaging Improvement (limited in to those rights, title, interest and intellectual property rights as are owned by the Pacira Assignors) arising during the course or his, her, or its employment or engagement with Pacira, and all intellectual property rights with respect thereto, and (ii) to agree to obligations of confidentiality and non-use with respect to all Proprietary Information that are at least as stringent as those set forth in the Confidentiality Agreement.

(m) The Specifications, Pacira's Manufacturing Process, and any and all information or material related to the Existing Pacira Intellectual Property, Pacira Product Improvements, Pacira Specification Improvements, or Pacira's Manufacturing Process Improvements but not Pacira Purchased Manufacturing Equipment Improvements shall constitute Proprietary Information of Pacira, which shall be deemed the disclosing Party with respect to such Proprietary Information.

(n) Patheon's Manufacturing Equipment and any and all information or material related to the Existing Patheon Intellectual Property, the Patheon Independent Manufacturing Equipment Improvements or Patheon Filling, Labeling or Packaging Improvements shall constitute Proprietary Information of Patheon, which shall be deemed the disclosing Party with respect to such Proprietary Information.

5.2 Licenses.

(a) Pacira hereby grants, for the purposes of this Agreement only, to Patheon a fully paid-up worldwide, non-exclusive license, under Pacira's entire right, title, and interest in and to the Existing Pacira Intellectual Property for Patheon to Manufacture the Products solely pursuant to the terms of this Agreement.

(b) Pacira hereby grants, for the purposes of this Agreement only, to Patheon a fully paid-up worldwide, non-exclusive license, under Pacira's entire right, title, and interest in and to the Pacira Product Improvements, Pacira Specification Improvements, and Pacira's Manufacturing Process Improvements developed, conceived, or created as a result of or in connection with this Agreement by Patheon or its Affiliates, alone or jointly with others, in each case to make Products solely pursuant to the terms of this Agreement. Nothing in this Agreement grants Patheon any rights or licenses under such Pacira Product Improvements, Pacira Specification Improvements, or Pacira's Manufacturing Process Improvements outside of the Field or for any purpose other than to Manufacture the Products pursuant to the terms of this Agreement.

(c) Pacira hereby grants to Patheon a fully paid-up, irrevocable, worldwide, non-exclusive, transferable, with the right to sublicense, perpetual license, under Pacira's entire right, title, and interest in and to use the Pacira Purchased Manufacturing Equipment Improvements without restriction.

(d) Subject to payments made by Pacira pursuant to the Technical Transfer Agreement and this Agreement, Patheon hereby grants to Pacira a fully paid-up worldwide, non-exclusive license, with the right to sublicense to Affiliates only, under Patheon's entire right, title, and interest in and to the Patheon Independent Manufacturing Equipment Improvements and Patheon Filling, Packaging or Labeling Improvements developed, conceived, or created as a result of or in connection with this Agreement, to make, use, offer for sale, sell, import, and otherwise dispose of the Product and methods of Manufacturing the Product inside the Field only. Nothing in this Agreement grants Pacira any rights or licenses under such Patheon Independent Manufacturing Equipment Improvement or Patheon Filling, Labeling or Packaging Improvement outside the Field.

(e) Patheon shall, and shall cause its Affiliates to, promptly, and in any event within [**] following reduction to practice, disclose in writing and in reasonable detail to Pacira any potential Pacira Purchased Manufacturing Equipment Improvements developed, conceived, or created by employees or consultants of Patheon or its Affiliates in the performance of this Agreement. Pacira shall, in its sole discretion, decide whether such improvement is necessary or useful to Manufacture the Product and be deemed Pacira Purchased Manufacturing Equipment Improvements upon payment therefor, or if such improvement shall be deemed Patheon Independent Manufacturing Equipment Improvement, and not be used in the Manufacture of the Product.

5.3 Third Person Litigation. In the event that, during the Term, any Person (other than Pacira) institutes against Patheon any action that alleges that the Manufacture of the Product hereunder in accordance with the terms hereof infringes the intellectual property rights held by such Person, then, as between Patheon and Pacira, and subject to Pacira indemnifying and defending and holding harmless Patheon in relation to such action pursuant to Section 9.1, Pacira, at its sole expense, shall have the sole obligation to contest, and assume direction and control of the defense of, such action, including the right to settle such action on terms determined by Pacira; provided, however, that in no event may Pacira agree to the entry of any equitable or injunctive relief that is binding on Patheon or its Affiliates, without Patheon's prior written consent, not to be unreasonably withheld or delayed. Patheon, at Pacira's expense, shall use all commercially reasonable efforts to assist and cooperate with Pacira as reasonably requested by Pacira in such action.

5.4 Technology Transfer. Upon the request of Pacira or at any time Patheon shall, at Pacira's cost (i) promptly disclose to Pacira or its designee any Pacira Product Improvements, Pacira Specification Improvements, Pacira's Manufacturing Process Improvements, Pacira Purchased Manufacturing Equipment Improvements necessary or useful to enable Pacira or such designee to Manufacture the Product, (ii) have its representatives meet with representatives of Pacira or its designee to enable Pacira or such designee to Manufacture the Product, and (iii) provide such other assistance as Pacira may reasonably request to enable Pacira or such designee

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

to Manufacture the Product. Pacira shall reimburse Patheon for its time and all documented out-of-pocket expenses reasonably incurred by Patheon in connection with such technology transfer. Patheon will provide a quotation for the services which Pacira requires pursuant to this Section 5.4 as Additional Services and on acceptance by Pacira of the same, Patheon will provide the services stated therein.

5.5 Licenses of Rights to Intellectual Property. The licenses granted by the Parties hereunder shall be deemed to be licenses of rights to "intellectual property" as defined under §101 of the United States Bankruptcy Code and, in connection therewith, each Party shall have the rights set forth in §365(n) of the United States Bankruptcy Code in the event of any rejection or proposed rejection of this Agreement in any bankruptcy proceeding.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

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

(f) Such Party (i) is duly formed and in good standing under the laws of the jurisdiction of its formation, (ii) has the power and authority and the legal right to enter into this Agreement and perform its obligations hereunder, and (iii) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid, and binding obligation of such Party and is enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency, or other similar laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

(g) From FDA Approval Date, all necessary consents, approvals, and authorizations of all Regulatory Authorities, other governmental authorities, and other Persons required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

(h) The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (i) do not and will not conflict with or violate any requirement of Applicable Law or any provision of the articles of incorporation, bylaws limited partnership agreement, or other constituent document of such Party and (ii) do not and will not conflict with, violate, or breach, or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

6.2 Additional Representations, Warranties, and Covenants of Patheon. Patheon warrants, represents, and covenants that:

(a) it has facilities, personnel, experience, and expertise sufficient in quality and quantity to perform the obligations hereunder, and (ii) it shall perform its obligations with reasonable due care and in conformity with current generally accepted standards and procedures for

Manufacturing the Product and GMPs, and (iii) it will comply with the Quality Agreement and comply with all agreed upon quality assurance, quality controls, and review procedures;

(b) it has at the Effective Date and shall, during the Term of this Agreement and at its cost (subject to Sections 2.9(b)-(d) and Section 3.8), in connection with this Agreement, observe and comply with all Applicable Laws, including federal, state, and local laws, orders, regulations, rules, customs, and ordinances now in force or that may hereafter be in force, pertaining to the Facility and the Manufacture of the Product (but not the Product per se which shall be the responsibility of Pacira) and including, without limitation, (i) labor laws, orders, regulations, rules, customs, and ordinances of the country of Manufacture and (ii) those of the FDA pertaining to the Manufacturing Services and the Facility (but not the Product, which shall be the responsibility of Pacira), and any laws, orders, regulations, rules, or ordinances issued in addition to, as a supplement to or as a replacement of Applicable Laws.

(c) none of it, its Affiliates, nor any Person under its direction or control, has ever been, nor will it engage suppliers which have to its actual knowledge, after due inquiry, been, (i) debarred or convicted of a crime for which a person can be debarred, under Section 335(a) or 335(b) of the FDA Act, or any equivalent Applicable Law of the country of Manufacture, (ii) threatened to be debarred under the FDA Act or any equivalent Applicable Law of the country of Manufacture or (iii) indicted for a crime or otherwise (to its actual knowledge after due inquiry) engaged in conduct for which a person can be debarred under the FDA or any equivalent Applicable Law of the country of Manufacture, and Patheon agrees that it will promptly notify Pacira in the event it receives notification of any such debarment, conviction, threat or indictment. Should Patheon become aware of any suspected noncompliance with the foregoing, Patheon will notify Pacira in writing of such issue within forty-eight (48) hours. For the purpose of this Section 6.2, suppliers and subcontractors engaged by Patheon to undertake the Manufacture of the Product shall be deemed to be under Patheon's direction or control;

(d) none of it, its Affiliates, nor any Person under its direction or control is currently 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 or any equivalent Applicable Law of the country of Manufacture, as may be amended or supplemented;

(e) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded from contracting with the U.S. federal government or the government of the country of Manufacture;

(f) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded, suspended, or debarred from any U.S. or foreign governmental program;

(g) it shall immediately notify Pacira if, at any time during the Term, Patheon, its Affiliates, or any Person under its direction or control is convicted of an offense that would subject it or Pacira to exclusion, suspension, or debarment from any U.S. or foreign governmental program; and

(h) before it subcontracts any of its obligations under this Agreement, which may only be done in accordance with Section 3.15, Patheon shall in so far as such sub-contractors are working in Manufacturing Suites A-2 or B-2 (x) ensure that its subcontractor(s) represent, warrant, and covenant Sections 6.2(a) through (g) above, and this Section 6.2(h) if the subcontractor(s) sub-subcontracts any of its obligations, which may only be done in accordance with Section 3.15, and (y) provide Pacira with confirmation of these representations, warranties, and covenants.

6.3 Warranty. Patheon warrants that, at the time of delivery of Product to Pacira: (a) such Product will have been Manufactured in accordance with the Product's Marketing Authorization, Pacira's Manufacturing Process, the Quality Agreement, GMP, and all other Applicable Law; (b) such Product will be in conformity with the Specifications in accordance with the testing regime set out therein and will conform with the Certificate of Analysis therefor provided pursuant to Section 2.3(f); (c) such Product will not be adulterated or misbranded within the meaning of the FDA Act, and similar provisions of the laws of other countries as to which Regulatory Approvals have been granted with respect to the Product; (d) title to such Product will pass to Pacira as provided herein free and clear of any security interest, lien, or other encumbrance; (e) such Product will have been Manufactured in facilities that are in compliance with all Applicable Laws at the time of such Manufacture (including applicable inspection requirements of FDA and other Regulatory Authorities); and (f) the expiration date of such Product shall be no earlier than eighteen (18) months after the date of release by Patheon thereof.

6.4 Additional Representations, Warranties, and Covenants of Pacira. Pacira warrants, represents, and covenants that:

(a) Non-Infringement.

(iii) throughout the Term, (1) it or its Affiliates Control all right, title, and interest in all issued patents and pending patent applications set forth on Schedule 6.4(a), which patents and applications claim Technology embodied in the Product; and (2) it has the right to authorize Patheon to perform the Manufacturing Services in accordance with the terms and conditions hereof;

(iv) throughout the Term, the performance of the Manufacturing Services hereunder, in accordance with the terms and conditions hereof and using Pacira's Manufacturing Process, or the manufacture, use, sale or other disposition of the Product by Patheon as may be required to perform its obligations under this Agreement or by Pacira, does not and will not result, in the infringement or misappropriation of any Person's intellectual property rights;

(v) Pacira or its Affiliates Control and have the right to lawfully disclose the Specifications to Patheon;

(vi) as of the Effective Date, there are no actions or other legal proceedings pending concerning the infringement of third party intellectual property rights related to any of the Specifications, or any of the Materials, or the sale, use, or other disposition of any Product made in accordance with the Specifications.

(b) Quality and Compliance.

(iv) the Specifications for all Products conform to all applicable GMPs and Applicable Laws;

(v) the Products, if labelled and manufactured in accordance with the Specifications and in compliance with applicable GMPs and Applicable Laws (i) may be lawfully sold and distributed in every jurisdiction in which Pacira markets the Products, (ii) will be fit for the purpose intended, and (iii) will be safe for human consumption;

(vi) on the date of shipment, any Pacira-Supplied Materials will conform to the specifications for the Materials that Pacira has given to Patheon and that the Materials will be adequately contained, packaged, and labelled and will conform to the affirmations of fact on the container.

6.5 **DISCLAIMER. THE FOREGOING EXPRESS WARRANTIES SET FORTH IN THIS ARTICLE VI ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT, AND ALL OTHER WARRANTIES ARE HEREBY DISCLAIMED AND EXCLUDED BY EACH PARTY.**

ARTICLE VII. CONFIDENTIALITY

7.1 Confidentiality Obligations. The Parties agree that the terms of the Confidentiality Agreement dated April 4, 2014 between the Parties, shall govern the confidentiality obligations of the Parties and are incorporated herein by this reference (the "Confidentiality Agreement"). A copy of the Confidentiality Agreement is attached herein as Exhibit C.

7.2 Injunctive Relief. Each Party acknowledges that a breach by either Party of the Confidentiality Agreement or of this ARTICLE VII cannot reasonably or adequately be compensated in damages in an action at law and that such a breach may cause the other Party irreparable injury and damage. By reason thereof, each Party agrees that the other Party may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach of the Confidentiality Agreement or this ARTICLE VII, without the need of posting a bond or other security; provided, however, that no specification in this Agreement of a specific legal or equitable remedy will be construed as a waiver or prohibition against the pursuing of other legal or equitable remedies in the event of such a breach. Each Party agrees that the existence of any claim, demand, or cause of action of it against the other Party, whether predicated upon this Agreement, or otherwise, will not constitute a defense to the enforcement by the other Party, or its successors or assigns, of the covenants contained in the Confidentiality Agreement and this ARTICLE VII.

ARTICLE VIII. TERM AND TERMINATION

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

8.1 Term. This Agreement shall commence as of the Effective Date and, unless earlier terminated in accordance with the terms hereof, shall expire on the tenth (10^{th}) anniversary of the FDA Approval Date (the "Initial Term"). Notwithstanding, by mutual agreement the Parties may commence discussions [**] prior to the end of the Initial Term with a view to extending the Initial Term for such period or periods as may be agreed (collectively, the Initial Term and any extensions thereof, the "Term").

8.2 Termination. In addition to any other provision of this Agreement expressly providing for termination of this Agreement, this Agreement may be terminated as follows:

(c) Pacira may terminate this Agreement:

(i) at any time by giving Patheon one (1) month prior written notice in the event that any Regulatory Authority causes the permanent withdrawal of the Product from the United States or any other market in a country or countries of the Territory that represent eighty percent (80%) or more of Pacira's overall Product sales; or

(ii) at any time for convenience by giving Patheon (w) in the [**] from the FDA Approval Date, thirty six (36) months prior written notice; (x) in the [**] from the FDA Approval Date, thirty (30) months prior written notice; (y) in the [**] from the FDA Approval Date, twenty four (24) months prior written notice; and in the [**] from the FDA Approval Date, eighteen (18) months prior written notice]; or

(iii) at any time upon written notice in the event of any material default by Patheon in the performance of any of its obligations hereunder, which material default has not been cured by Patheon within [**] after receiving written notice thereof ("Remediation Period"), provided that Patheon shall continue performing hereunder pursuant to the terms of Section 8.4 below. Pacira's right to terminate this Agreement for a particular breach under this Section 8.2(a)(iii) may only be exercised for a period of [**] following the expiry of the Remediation Period (where the breach has not been remedied) and, if the termination right is not exercised during this period, then Pacira will be deemed to have waived its right to terminate this Agreement for such breach.

(d) Patheon may terminate this Agreement at any time upon written notice in the event of (i) any material default by Pacira in the performance of any of its obligations hereunder, which default has not been cured by Pacira within [**] after receiving written notice thereof; or (ii) Pacira's default of its payment obligations in accordance with ARTICLE IV which default has not been cured by Pacira within [**] after receiving written notice thereof; provided, however, that, if Pacira fails to cure such payment default, Patheon may not terminate without first providing a second notice to the attention of Pacira's Chief Executive Officer and an additional [**] cure period.

(e) This Agreement may be terminated at any time by either Party immediately upon written notice pursuant to Section 10.2, or if the other Party shall file in any court or agency, pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for arrangement or for the appointment of a receiver or trustee of the other Party or of its assets, or if the other Party proposes a written agreement of composition of its debts, or if the other Party shall be served with an involuntary petition against it, filed in any insolvency

proceeding, and such petition shall not be dismissed within [**] after the filing thereof, or if the other Party shall propose or be a party to any dissolution or liquidation, or if the other Party shall make an assignment for the benefit of its creditors.

(f) This Agreement will automatically terminate should either Pacira or Patheon exercise its right to terminate the Technical Transfer Agreement (but not in the event of an expiration of such agreement as set forth in Section 8.2 thereof) prior to the FDA Approval Date, in which case, any payment to Patheon will be made in accordance with the Technical Transfer Agreement.

8.3 Effect of Termination.

(a) The expiration or termination of this Agreement shall be without prejudice to any rights or obligations of the Parties that may have accrued prior to such termination, and the provisions of Sections 2.1(f), 2.8, 3.6, 3.11, 3.13, 6.5 and 8.3 and ARTICLE I, ARTICLE IV, ARTICLE V, ARTICLE VII, ARTICLE IX, and ARTICLE X shall survive the expiration or termination of this Agreement. Except as otherwise expressly provided herein, termination of this Agreement in accordance with the provisions hereof shall not limit remedies that may otherwise be available in law or equity.

(b) Upon expiration or termination of this Agreement, subject to the Parties' obligations under Section 8.4 below, each Party, at the request of the other, shall return all data, files, records, and other materials in its possession or control containing or comprising the other Party's Proprietary Information.

(c) Upon expiration or termination of this Agreement for any reason, subject to the Parties' obligations under Section 8.4 below, (i) all submitted but unfilled Purchase Orders with respect to which Patheon has (1) not begun Manufacture of Product shall be cancelled, or (2) begun Manufacture of the Product shall be completed, unless otherwise agreed (ii) Pacira shall remove all Pacira Manufacturing Equipment, Pacira Purchased Patheon Manufacturing Equipment and Materials from the Facility within [**] of such termination failing which Pacira will pay a fee equivalent to the aggregate monthly Base Fee for Manufacturing Suites A-2 and B-2 for each month or part month the Pacira Manufacturing Equipment, Pacira Purchased Patheon Manufacturing Equipment or Materials remain at the Facility post termination.

(d) Upon expiration or termination of this Agreement, subject to the Parties' obligations under Section 8.4 below, (i) Pacira shall purchase from Patheon at Patheon's cost, all unpaid Material Costs and Bill Back Items which were ordered, purchased, produced or maintained by Patheon in contemplation of the Manufacture of the Product in accordance with Section 2.2; and (ii) Pacira shall pay Patheon any earned but unpaid Product Fees, including those under any outstanding Purchase Order as described in Section 8.3(c); and (iii) Pacia shall purchase at the then prevailing Product Fee any Product comprising the Safety Stock whereupon Patheon shall return the Deposit to Pacira; and (iv) Pacira shall pay for any earned but unpaid Base Fees or Additional Services; (iv) Pacira shall pay all due and outstanding invoices under ARTICLE IV.

(e) Upon expiration or termination of this Agreement (other than pursuant to Section 8.2(a)(iii)), subject to the Parties' obligations under Section 8.4 below, Pacira shall pay to

Patheon all and any removal and Make Good Costs associated with the removal of the Pacira Manufacturing Equipment or Pacira Purchased Patheon Manufacturing Equipment from the Facility. "Make Good Costs" means the reasonable costs required to repair the Facility and return it to a clean, safe and useable area based on the repair of damage caused by the installation or removal of Pacira Manufacturing Equipment.

(f) Upon expiration or termination of this Agreement other than pursuant to Section 8.2(a)(iii), subject to the Parties' obligations under Section 8.4 below, Pacira shall pay to Patheon the following costs ("Manufacturing Services Termination Costs"): (i) all actual costs incurred by Patheon to complete activities associated with the completion, expiry or termination including, without limitation, disposal fees that may be payable for any Materials and supplies owned by Pacira to be disposed of by Patheon; and (ii) all and any direct costs and expenses, or wasted costs and expenses, or termination or cancellation fees payable by Patheon as a consequence of or arising from the termination of this Agreement, to include but not limited to, all and any redundancy costs of employees employed by Patheon to work solely or mainly in providing the Services and/or Manufacturing the Product, all and any termination costs in relation to subcontractors and agency staff working solely or mainly in providing the Services and/or Manufacturing the Product, any termination or cancellation fees payable to third party suppliers. Patheon will use commercially reasonable efforts to mitigate the Manufacturing Services Termination Costs. Patheon will further provide Pacira with documentation in order to substantiate the Manufacturing Services Termination Costs. Notwithstanding anything in this Section 8.3(f) to the contrary, Pacira's liability for Manufacturing Services Termination Costs shall be limited to the payment to Patheon of the [**] of Manufacturing Services Termination Costs together with [**] of the Manufacturing Services Termination Costs in excess of [**] up to a maximum amount payable by Pacira of $2,000,000.

(g) Pacira acknowledges that no Patheon Competitor (being a Person that derives greater than [**] of its revenues from performing contract pharmaceutical development or commercial manufacturing services) will be permitted access to the Manufacturing Site.

8.4 Transition Assistance. (i) Upon the delivery by either Party of a notice of termination of this Agreement for any reason other than by Patheon pursuant to Section 8.2(b) or (c), upon the request of Pacira, and subject to terms set forth in this Agreement, Patheon shall provide Pacira with the reasonable assistance of its staff and reasonable access to its other internal resources to provide Pacira with a reasonable level of technical assistance and consultation to transfer the Manufacture and the regulatory qualification of the Product to a supplier of Pacira's election, provided that Pacira will reimburse Patheon for the reasonable costs of such assistance in the event of a termination for any reason other than a breach by Patheon; and (ii) Upon the delivery by Pacira of a notice of termination of this Agreement pursuant to Section 8.2(a)(iii) (but not including the giving of notice of termination following an extension to this Agreement pursuant to this Section 8.4), if requested by Pacira in writing given at the same time as the giving of such notice of termination including the term of such additional supply, Patheon shall supply the Products pursuant to the terms of this Agreement for a period not to exceed a maximum of [**] from the delivery of a notice of termination. For the avoidance of doubt, the termination date of this Agreement shall be deemed the date upon which the Parties have completed their obligations

under this Section 8.4. Pacira acknowledges that, during such transition assistance period, no Patheon Competitor (being a Person that derives greater than [**] of its revenues from performing contract pharmaceutical development or commercial manufacturing services) will be permitted access to portions of the Facility other than those dedicated to the Manufacture of the Product.

ARTICLE IX. INDEMNIFICATION

9.1 Pacira Indemnification Obligations. Pacira shall indemnify Patheon, its Affiliates, and their respective directors, officers, employees, and agents (the "Patheon Indemnified Parties"), and defend and save each of them harmless, from and against any and all (a) Third Party Losses incurred by any of them in connection with, arising from, or occurring as a result of (i) the breach by Pacira of any of its obligations under this Agreement; (ii) the breach or inaccuracy of any representation or warranty made by Pacira in this Agreement, (iii) any gross negligence or willful misconduct by Pacira or any of its Affiliates, (iv) any claim made by any Person that the Manufacture and supply of the Product in accordance with the terms hereof infringes or misappropriates the patent, trademark, or other intellectual property rights of such Person, and (v) any product liability claim made by any Person with respect to any Product Manufactured in accordance with the terms hereof, except to the extent liability is based on a Patheon Nonconformance; or (b) any Loss incurred by any of them in connection with the negligence or willful misconduct of the Pacira On Site Representatives at the Facility, except, in each case, for those Losses for which Patheon has an obligation to indemnify the Pacira Indemnified Parties pursuant to Section 9.2, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Pacira will not be required to indemnify the Patheon Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused primarily by any breach of contract, negligent act or omission, or intentional misconduct by any Patheon Indemnified Parties.

9.2 Patheon Indemnification Obligations. Patheon shall indemnify Pacira, its Affiliates, and their respective directors, officers, employees, and agents (the "Pacira Indemnified Parties"), and defend and save each of them harmless, from and against any and all (a) Third Party Losses incurred by any of them resulting from, or relating to, any claim of personal injury or property damage to the extent that the injury or damage is in connection with, arising from, or occurring as a result of (i) the breach or inaccuracy of any representation or warranty made by Patheon in Article VI of this Agreement, (ii) any gross negligence or willful misconduct by Patheon or any of its Affiliates; and (iii) any product liability claim made by any Person with respect to any Product Manufactured by Patheon to the extent any such liability is based on or caused by a Patheon Nonconformance; (b) Third Party Losses incurred by any of them in connection with, arising from, or occurring as a result of a claim that any Existing Patheon Intellectual Property, Patheon Independent Manufacturing Improvement or Patheon Filling, Labeling or Packaging Improvement used by Patheon in its Manufacture of the Product infringes or misappropriates the patent, trademark, or other intellectual property rights of such Person; except in each case to the extent that the Losses are due to the negligence or wrongful act(s) of Pacira, its Affiliates and their respective directors, officers, employees, and agents or for which Pacira has an obligation to indemnify the Patheon Indemnified Parties pursuant to Section 9.1, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided,

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

however, that Patheon will not be required to indemnify the Pacira Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused primarily by any breach of contract, negligent act or omission, or intentional misconduct by Pacira Indemnified Parties.

9.3 Indemnification Procedure.

(a) Notice of Claim. The indemnified Party (the "Indemnified Party") shall give the indemnifying Party (the "Indemnifying Party") prompt written notice (an "Indemnification Claim Notice") of any Loss, action, or discovery of facts upon which such Indemnified Party intends to base a request for indemnification under Section 9.1 or 9.2 (a "Claim"), but in no event shall the Indemnifying Party be liable for any Losses that result from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Losses upon which it intends to seek indemnification.

(b) Control of Defense. At its option, the Indemnifying Party may assume the defense of any Claims by giving written notice to the Indemnified Party within thirty (30) days after the Indemnifying Party's receipt of an Indemnification Claim Notice; provided that the assumption of the defense of a Claim by the Indemnifying Party shall not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any Indemnified Party's Claim. Upon assuming the defense of a Claim, the Indemnifying Party may appoint as lead counsel in the defense of such Claim any legal counsel selected by the Indemnifying Party. In the event the Indemnifying Party assumes the defense of a Claim, the Indemnified Party shall immediately deliver to the Indemnifying Party all original notices and documents (including court papers) received by any Indemnified Party in connection with the Claim. Subject to clause (c) below, if the Indemnifying Party assumes the defense of a Claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense, or settlement of such Claim. In the event that it is ultimately determined that the Indemnifying Party is not obligated to indemnify, defend, or hold harmless an Indemnified Party from and against any Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including attorneys' fees and costs of suit) and any Losses incurred by the Indemnifying Party in its defense of such Claim.

(c) Right to Participate in Defense. Without limiting Section 9.3(b), any Indemnified Party shall be entitled to participate in, but not control, the defense of a Claim and to employ counsel of its choice for such purpose; provided, however, that such employment shall be at the Indemnified Party's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 9.3(b) (in which case the Indemnified Party shall control the defense), or (iii) the interests of the Indemnified Party and the Indemnifying Party with respect to such Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules, or equitable principles.

(d) Settlement. With respect to any Losses relating solely to the payment of money damages in connection with a Claim and that will not result in the Indemnified Party becoming subject to injunctive or other relief or otherwise adversely affect the business or reputation of the Indemnified Party in any manner, and as to which the Indemnifying Party shall have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the Indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Claims, where the Indemnifying Party has assumed the defense of the Claim in accordance with Section 9.3(b), the Indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss; provided that it obtains the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, agree to any settlement or acquiesce to any judgment with respect to a Claim that obligates the Indemnified Party to pay any amount subject to indemnification by the Indemnifying Party or causes the Indemnified Party to admit to any civil or criminal liability.

(e) Cooperation. If the Indemnifying Party chooses to defend or prosecute any Claim, the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such records, information, and testimony, provide such witnesses, and attend such conferences, discovery proceedings, hearings, trials, and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Claim, and making employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party shall reimburse the Indemnified Party for all its time and reasonable out-of-pocket expenses in connection therewith.

(f) Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Claim shall be reimbursed on a monthly basis in arrears by the Indemnifying Party, without prejudice to the Indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

9.4 Insurance. During the Term and for [**] thereafter, each Party shall procure and maintain at its own expense from a qualified and licensed insurer liability insurance or indemnity policies, in an amount not less than [**] in the aggregate with an indemnity to principals clause with respect to products liability and distribution, subject to such deductible or self-retention limits as either Party in its business discretion may elect. Such policies shall be blanket policies and shall insure against liability on the part of each Party and any of its Affiliates, as their interests may appear, due to injury, disability, or death of any person or persons, or injury to property, arising from the distribution of the Products. Upon the execution of this Agreement and thereafter on January 1 of each year during the Term, each Party shall provide to the other a certificate of insurance (i) summarizing the insurance coverage and (ii) identifying any exclusions. Each Party

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

shall promptly notify the other of any material adverse alterations to the terms of this policy or decreases in the amounts for which insurance is provided.

9.5 Limitation on Damages

(a) Maximum Liability. Except with respect to the [**] of Patheon, or a breach by Patheon of its obligations under [**], Patheon's maximum liability to Pacira under this Agreement for any reason whatsoever, including, without limitation, any liability arising under Sections 2.7, 2.8, 3.11, 3.13 or 9.2 hereof or resulting from any and all breaches of its representations, warranties, or any other obligations under this Agreement in each calendar year will not exceed [**] of the revenues received by Patheon pursuant to this Agreement in said calendar year, up to the maximum amount of [**]. For the purposes of this Section 9.5(a), "calendar year" shall mean each consecutive 12 calendar month period starting Effective Date up until 1st day of the month following FDA Approval Date (liability cap pro-rated for part calendar years) and thereafter each consecutive 12 calendar month period from 1st of the month following FDA Approval Date.

(b) EXCEPT WITH RESPECT TO A PARTY'S BREACH OF ITS OBLIGATIONS UNDER [**], NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY (DIRECT OR INDIRECT) LOSS OF PROFITS, OR SPECIAL, EXEMPLARY, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUSINESS INTERRUPTION OR LOST PROFITS; PROVIDED, HOWEVER, THIS EXCLUSION IS NOT INTENDED TO, NOR SHALL, EXCLUDE ACTUAL OR COMPENSATORY DAMAGES OF THE AFFECTED PARTY, INCLUDING SPECIAL, EXEMPLARY, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, OWED TO THIRD PARTIES AS A RESULT OF A CLAIM PURSUANT TO THE INDEMNIFICATION OBLIGATIONS HEREOF.

(c) The limitations set forth in Section 9.5(a) and 9.5(b) shall not act to exclude or limit either Party's liability for personal injury or death caused by the negligence of that Party, or for fraudulent misrepresentation.

(d) Sole & Exclusive Remedies. Notwithstanding anything in this Article 9 (including Patheon's indemnification obligations set forth in Section 9.2) to the contrary:

(i) Except as described in Section 9.5(c) above, Patheon's sole liability and Pacira's sole and exclusive remedy for Non-Conforming Product based on or caused by a Patheon Nonconformance shall be the rights and remedies set forth in Section 2.8, 3.11 and 3.13 of this Agreement.

(ii) Patheon's sole liability and Pacira's sole and exclusive remedy for Patheon's failure to Manufacture the full quantity of Product specified in a Purchase Order by the Agreed Delivery Date shall be the rights and remedies set forth in Section 2.7 of this Agreement.

9.6 Product Liability Claims. As soon as it becomes aware, each Party will give the other prompt written notice of any defect or alleged defect in a Product, any injury alleged to have occurred as a result of the use or application of the Product, and any circumstances that may give rise to litigation or recall of a Product or regulatory action that may affect the sale or Manufacture

of a Product, specifying, to the extent the Party has such information, the time, place, and circumstances thereof and the names and addresses of the persons involved. Each Party will also furnish promptly to the other copies of all papers received in respect of any claim, action, or suit arising out of such alleged defect, injury, or regulatory action.

9.7 Allocation of Risk. This Agreement (including, without limitation, this ARTICLE IX) is reasonable and creates a reasonable allocation of risk for the relative profits the Parties each expect to derive from the Products.

ARTICLE X. MISCELLANEOUS

10.1 Notices. Notwithstanding that advance notification of any notices or other communications may be given by facsimile or electronic mail transmission, all notices or other communications that shall or may be given pursuant to this Agreement shall be in writing and shall be deemed to be effective (a) when delivered if sent by registered or certified mail, return receipt requested, or (b) on the next business day, if sent by overnight courier, in each case to the Parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid:

If to Pacira:

Pacira Pharmaceuticals, Inc.
Attn: Legal Affairs Department – Kristen Williams
Telephone:
Facsimile:

If to Patheon:

Attention:

Patheon UK Limited
Executive Director & General Manager
Kingfisher Drive, Covingham
Swindon, Wiltshire SN3 5BZ
England
Facsimile:

with copy to

Legal Director.

10.2 Force Majeure. Neither Party shall be liable for delay in delivery, performance or nonperformance, in whole or in part, nor shall the other Party have the right to terminate this Agreement except as otherwise specifically provided in this Section 10.2 where such delay in delivery, performance or nonperformance results from acts beyond the reasonable control and without the fault or negligence of such Party including, but not limited to, the following conditions: fires, floods, storms, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorism, insurrections, riots, civil commotion, or acts, omissions, or delays

in acting by any governmental authority; provided that the Party affected by such a condition shall, within five (5) days of its occurrence, give notice to the other Party stating the nature of the condition, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is reasonably required, and the nonperforming Party shall use its commercially reasonable efforts to remedy its inability to perform; provided, however, that in the event the suspension of performance continues for ninety (90) days after the date of the occurrence, and such failure to perform would constitute a material breach of this Agreement in the absence of such force majeure event, the non-affected Party may terminate this Agreement immediately by written notice to the affected Party.

10.3 Independent Contractor. The Parties to this Agreement are independent contractors. Nothing contained in this Agreement shall be construed to place the Parties in the relationship of employer and employee, partners, principal, and agent or a joint venture. Neither Party shall have the power to bind or obligate the other Party nor shall either Party hold itself out as having such authority.

10.4 Waiver. Save where expressly stated to the contrary in this Agreement, including Sections 2.8, 3.11, 3.13, 8.2, 8.4 and 9.5, no waiver by either Party of any provision or breach of this Agreement shall constitute a waiver by such Party of any other provision or breach, and no such waiver shall be effective unless made in writing and signed by an authorized representative of the Party against whom waiver is sought. No course of conduct or dealing between the Parties will act as a modification or waiver of any provision of this Agreement. Either Party's consent to or approval of any act of the other Party shall not be deemed to render unnecessary the obtaining of that Party's consent to or approval of any subsequent act by the other Party.

10.5 Entire Agreement. This Agreement (together with all Exhibits and Schedules hereto, which are hereby incorporated by reference), the Strategic Co-Production Agreement, the Quality Agreement, the Confidentiality Agreement, and the Technical Transfer Agreement constitute the final, complete, and exclusive agreement between the Parties relating to the subject matter hereof and supersede all prior conversations, understandings, promises, and agreements relating to the subject matter hereof. Neither Party has relied upon any communications, representations, terms or promises, verbal or written, not set forth herein. No terms, provisions or conditions of any purchase order or other business form or written authorization used by Pacira or Patheon will have any effect on the rights, duties, or obligations of the Parties under or otherwise modify this Agreement, regardless of any failure of Pacira or Patheon to object to the terms, provisions, or conditions unless the document specifically refers to this Agreement and is signed by both Parties.

10.6 Assignment; Change of Control. This Agreement may not be assigned by Patheon without the prior written consent of Pacira. Notwithstanding the foregoing, Patheon may assign this Agreement to a Patheon Affiliate or to an acquirer or successor in interest in connection with a Change of Control of Patheon without the prior written consent of Pacira, provided that Patheon provides Pacira with written notice of any such assignment and, provided further, that in the event of a Change of Control of Patheon, Pacira shall be entitled to exercise the rights set forth in Schedule

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

10.6. This Agreement shall be binding upon and inure to the benefit of Pacira and Patheon and their respective successors, heirs, executors, administrators, and permitted assigns.

10.7 Amendment; Modification. This Agreement may not be amended, modified, altered, or supplemented except by a writing signed by both Parties. No modification of any nature to this Agreement and no representation, agreement, arrangement, or other communication shall be binding on the Parties unless such is expressly contained in writing and executed by the Parties as an amendment to this Agreement. This Agreement may not be amended in any respect by any purchase order, invoice, acknowledgment, or other similar printed document issued by either Party.

10.8 Governing Law.

(a) The laws of England, whether procedural or substantive (but excluding application of any choice of law provisions contained therein) shall apply to all matters pertaining only to title to and ownership of the Facility and its appurtenances including, without limitation, all rights therein and the creation, exercise and extinction of such rights, obligations and liabilities. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the English Courts. For the avoidance of doubt, except with respect to any rights set forth in Schedule 10.6, the Parties agree that nothing in this Agreement shall (i) grant Pacira any property ownership rights in the Facility or (ii) shall constitute a lease to the Facility.

(b) In all other respects, this Agreement shall be construed under and governed by the laws of the State of New York, New York, U.S.A. without regard to the application of principles of conflicts of law. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the state and federal courts located in the State of New York, New York.

(c) The Parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, if applicable.

10.9 Compliance with Applicable Laws. Each Party and its Affiliates, and their respective representatives, shall comply with all applicable laws, rules and regulations in the performance of their obligations under this Agreement. Without limiting the foregoing, each Party and its Affiliates, and their respective representatives, shall comply with export control laws and regulations of the country of Manufacture and of the United States. Neither Party nor its Affiliates (or representatives) shall, directly or indirectly, without prior U.S. government authorization, export, re-export, or transfer the Product to any country subject to a U.S. trade embargo, to any resident or national of any country subject to a U.S. trade embargo, or to any person or entity listed on the "Entity List" or "Denied Persons List" maintained by the U.S. Department of Commerce or the list of "Specifically Designated Nationals and Blocked Persons" maintained by the U.S. Department of Treasury. In so far as the same applies to a Party or its Affiliates, each Party and its Affiliates and respective representatives shall comply with the requirements of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd-1, *et seq.*).

10.10 Dispute Resolution.

(a) The Parties recognize that disputes may arise from time to time during the Term of this Agreement that relate to whether either Party has fulfilled its obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of such disputes arising under this Agreement in an expedient manner by mutual cooperation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Section 10.10 if and when a dispute arises under this Agreement.

(b) Unless otherwise specifically recited in the Agreement, disputes between the Parties under this Agreement will be first referred to the Project Manager of each Party as soon as reasonably possible after such dispute has arisen. If the Project Managers are unable to resolve such a dispute within [**] of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Steering Committee. If the Steering Committee is unable to resolve such a dispute within [**] of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Chief Executive Officer of each Party, for attempted resolution by negotiations within [**] after such notice is received. The contact information of the current Chief Executive Officer of each Party is as follows:

For Pacira: David Stack

Telephone:

Facsimile:

Email:

For Patheon: James Mullen

Telephone:

Facsimile:

Email:

10.11 Press Releases; Use of Trademarks. The Parties agree not to disclose any terms or conditions of this Agreement to any Third Party without the prior consent of the other Party, save as permitted pursuant to the Confidentiality Agreement. Neither Party shall (a) issue a press release or make any other public statement that references this Agreement or (b) use the other Party's or the other Party's Affiliates' names or trademarks for publicity or advertising purposes, except with the prior written consent of the other Party, save as permitted pursuant to the Confidentiality Agreement or Securities and Exchange Commission filings which are required by Applicable Law, in which instance both Parties shall work together in good faith to agree the disclosure to be made having due and proper regard to their legal obligations. Each Party agrees that it shall cooperate fully and in a timely manner with the other with respect to all disclosures to the Securities and Exchange Commission or any other governmental or regulatory agencies, including requests for confidential treatment of Proprietary Information of either Party included in any such disclosure.

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10.12 Severability. If any provision of this Agreement is found by a proper authority to be unenforceable, that provision to the extent it is found to be unenforceable or invalid shall be severed and the remainder of the provision and this Agreement will continue in full force and effect. The Parties shall use their best efforts to agree upon a valid and enforceable provision as a substitute for any invalid or unenforceable provision, taking in to account the Parties' original intent of this Agreement.

10.13 Construction. Unless the context of this Agreement otherwise requires: (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; (d) the terms "Article," "Section," "Exhibit," "Schedule," or "clause" refer to the specified Article, Section, Exhibit, Schedule, or clause of this Agreement; (e) "or" is disjunctive but not necessarily exclusive; and (f) the term "including" or "includes" means "including without limitation" or "includes without limitation." Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless business days are specified. The captions and headings of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The language of this Agreement shall be deemed to be the language mutually chosen by the Parties, and no rule of strict construction shall be applied against either Party hereto.

10.14 Third Party Beneficiaries. This Agreement is not intended to confer upon any non-party rights or remedies hereunder, except as may be received or created as part of a valid assignment.

10.15 Further Assurances. Each of the Parties agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such additional assignments, agreements, documents, and instruments, that may be necessary or as the other Party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

10.16 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original. Electronic or Facsimile signatures shall be treated as original signatures.

[The remainder of this page is left blank intentionally.]

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

PATHEON UK LIMITED:		**PACIRA PHARMACEUTICALS, INC.**:	
By:	/s/ James Mullen	By:	/s/ David Stack
Name:	James Mullen	Name:	David Stack
Title:	CEO	Title:	President, CEO and Chairman

Schedule 1.47
Footprint

[**]

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Schedule 1.49
Materials

This Schedule 1.49 shall be revised prior to Product commercial launch, based on the Parties' most recent usage experience rate.

[**]

The Parties will update this Schedule 1.49 every 6 calendar months commencing first commercial Product manufacture to provide up to date costs for the Materials for the purposes of, and to be used, in calculating any yield liability pursuant to Section 2.8(f).

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Schedule 1.82
Product Dosage Forms (or Product Presentations)

Product	Dosage Form	Target Fill Volume
EXPAREL®.1.3% (Bupivacaine liposome injectable suspension)	Type I 20mL vial (13mm neck)	266 mg/20 mL (13.3 mg/mL)

Schedule 2.1(a)

I. Base Fee

Patheon will charge a monthly Base Fee per Manufacturing Suite, as forth below:

[**]

For the avoidance of doubt, the Base Fee will accrue under either the Technical Transfer Agreement, or this Agreement, but not both.

With respect to Manufacturing Suite A-2 only, the following shall apply:

[**]

Should Manufacture at Manufacturing Suite A-2 cease in accordance with the preceding paragraphs, Pacira shall provide not less than [**] notice if it wishes Patheon to resume Manufacture at the Manufacturing Suite. During such notice period and thereafter, the Base Fee discount will not apply, and the full Base Fee will be payable for the Manufacturing Suite.

The Base Fee stated herein is calculated as at the [**]. The Base Fee will be adjusted on [**] to reflect any increase in the UK RPIJ: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk) during the previous 12 months.

II. Product Fees

[**]

Product Fees assume (i) the Manufacture and Secondary Packaging for individual destinations in minimum order quantities of a whole filled batch of circa [**]; (ii) that the Territory only includes the U.S.; (iii) >[**] of the Product ordered by Pacira will be Labelled and Secondary Packaged Vials.

[**]

In the event Pacira wishes Patheon to supply [**] or less of the Product as Labelled and Secondary Packaged prices for supply of part Labelled and Packaged in Bulk will be agreed in good faith between the Parties.

Compensation Structure

Base Fee and Product Fees include:

[**]

Materials:

Cost allocation for the procurement of Materials is set forth in Section 2.2 of this Agreement and Section 2.12 of the Technical Transfer Agreement.

III. Bill Back Items:

The following shall be considered Bill Back Items:

[**]

IV. Additional Services:

The following shall be considered Additional Services and will be invoiced to Pacira at the price given below. If no price is provided here then Patheon will provide a quotation for the activity required at the request of Pacira:

- Regulatory writing activities – *e.g.*, writing CMC section, regulatory support, and preparation of annual product reviews (other than the Reports described in Section 3.12 of this Agreement and included in the Base Fees) at [**];
- Routine periodic auditing of component and Materials suppliers currently not on Patheon's approved list of suppliers as further described in Section 2.2(b) (charged at [**]; the costs associated with travel, business expenses, supplier fees, etc. (if applicable) will be charged at cost).
- Complete QC testing of API and lipids (limited testing for qualified vendors included in the product fees)

- Artwork origination and update costs, such as supplier costs, plates or cylinders;
- Any specific visual inspection of the bulk or of the finished products outside of standard release testing;
- Any specific shipment preparations for specific countries;
- Stability program: Based on the information provided by Pacira the estimate per time point, per batch per condition is [**]. Patheon will make a detailed assessment and supply an accurate revised price for this work on provision of the full testing specification and analytical methods.
- Disposal of engineering batches;
- Services resulting from a change in Applicable Law related to the Product or Pacira Manufacturing Process.
- Special projects as mutually agreed by the Parties.

Schedule 2.1(b)
Tiered Product Fees

Labelled and secondary packaged vials:

[**]

- Year 1 will be the first 12 calendar months starting 1st day of the month following FDA Approval Date.
- All invoicing will occur at contracted rate for the year. Adjustment for the tiered product fees will be invoiced/credited by Patheon at the end of each Year 1, Year 2, Year 3, Year 4 and Year 5.
- Safety stock will count towards the calculation of annual volume in Schedule 2.3(d).
- Should the Parties agree to extend the product dosage form to include vials of any size other than 20ml, the Parties shall in good faith agree on the ratio that such vials shall count towards the volumes forth in Schedule 2.3(d).

Schedule 2.2(e)
Patheon Insurance Coverage

Patheon will maintain property damage insurance not less than [**] per claim and in the aggregate per annum. The cover will be maintained subject to such deductibles and exclusions as agreed to by Patheon in line with market conditions and customary industry practice in the CMO Industry or as imposed by insurers at the time.

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Schedule 2.3(d)
Pacira Annual Volume Forecast

Product	Annual Volume Forecast (Vials)				
	Year 1	Year 2	Year 3	Year 4	Year 5 and thereafter
EXPAREL®	[**]	[**]	[**]	[**]	[**]

The years stated herein are measured from the FDA Approval Date.

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Schedule 2.8(f)
Expected Yield Rate

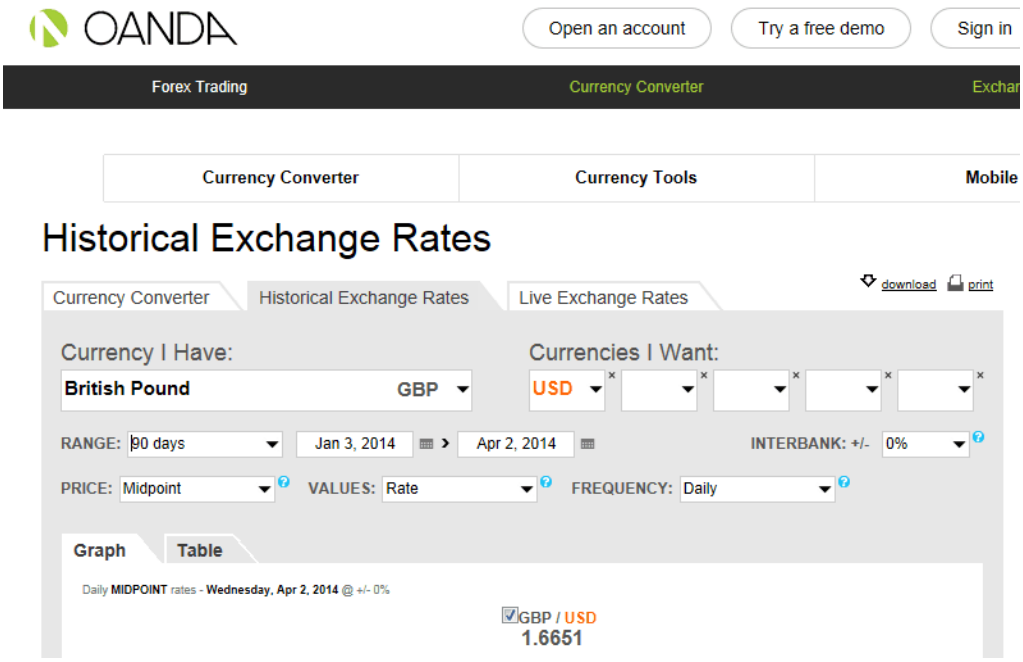
Measuring Period	Expected Yield Rate
[**]	[**]
[**]	[**]
[**]	[**]

The Yield will be calculated by dividing (x) the total number of saleable batches Manufactured by Patheon including those non conforming batches not due to a Patheon Nonconformance but excluding Patheon Nonconformance batches by (y) (the total number of batches initiated by Patheon).

For avoidance of doubt, an example is attached to demonstrate calculation of Yield and batches that will be subject to Patheon reimbursement.

[**]

Schedule 4.4
Example Exchange Rate Fluctuation Mechanism



Initial Exchange rate 1.0000 GBP / 1.6651 USD
Set Exchange rate 1.0000 GBP / 1.6800 USD

Initial Price USD 6.29
Revised price before Fx* USD 6.32

*reflects any inflationary change according to RPIJ www.ons.gov.uk and any effects of improved efficiencies etc.

Calculation

Revised Price After Fx = Revised price before Fx x (Set exchange rate / Initial exchange rate)
= 6.32 x (1.6800/1.6651)
= USD 6.377

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Schedule 6.4(a)

Patents

[**]

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Schedule 10.6
Change of Control

[**]

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EXHIBIT 10.3

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 SECURITIES AND EXCHANGE COMMISSION.

TECHNICAL TRANSFER AND SERVICE AGREEMENT

TABLE OF CONTENTS

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TECHNICAL TRANSFER AND SERVICE AGREEMENT

This **TECHNICAL TRANSFER AND SERVICE AGREEMENT** (this "Agreement"), dated as of April 4, 2014 (the "Effective Date"), is made by and between Pacira Pharmaceuticals, Inc., a California corporation having its principal place of business at 5 Sylvan Way, Parsippany, NJ 07054, United States (" Pacira"), and Patheon UK Limited, a company incorporated in England and Wales having its principal place of business at Kingfisher Drive, Covingham, Swindon, SN35BZ, United Kingdom ("Patheon"). Pacira and Patheon are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Pacira has a commercial interest in the manufacture, packaging and commercialization of a bupivacaine liposome injectable suspension delivered through Pacira's proprietary DepoFoam® technology and manufactured using the Pacira Manufacturing Process, which is presently sold in the United States by Pacira under the trademark EXPAREL® and may be sold in the future in and outside of the United States under the EXPAREL® trademark or any other trademarks, by Pacira or its licensees (the "Product");

WHEREAS, concurrently herewith, the Parties are executing a strategic co-production agreement (the "Strategic Co-Production Agreement") and a manufacturing and supply agreement (the "Manufacturing and Supply Agreement") pursuant to which Patheon would be a manufacturer, packager, and supplier of the Product; and a Confidentiality Agreement (defined below) for the purpose of protecting each Party's Proprietary Information; and

WHEREAS, in anticipation of the Manufacturing and Supply Agreement and the goods and services that Patheon will supply thereunder, the Parties desire to enter into a binding agreement pursuant to which Patheon would undertake certain technical transfer and construction services in order to validate and scale up portions of Pacira's technology package and prepare Patheon's facilities for the manufacture and packaging of the Product;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants of the Parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE 1

DEFINITIONS

The following terms will have the meanings set forth below. Unless the context indicates otherwise, the singular will include the plural and the plural will include the singular. Any term not defined hereunder shall have the meaning ascribed to such term in the Manufacturing and Supply Agreement.

1.1 "Act" means the United States Federal Food, Drug and Cosmetic Act, as amended.

1.2 "Additional Services" means any services requested and approved by Pacira that supplement Patheon's regular performance of the Services as described in Schedule 2.1(a) of the Manufacturing and Supply Agreement.

1.3 "Affiliate(s)" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For the purposes of this Section 1.3 only, a Person will be regarded as in control of another Person if such Person owns, or directly or indirectly controls, more than 50% of the voting securities (or comparable equity interests) or other ownership interests of the other Person, or if such Person directly or indirectly possesses the power to direct or cause the direction of the management or policies of the other Person, whether through the ownership of voting securities, by contract, or any other means whatsoever.

1.4 "Agreement" has the meaning set forth in the preamble hereto.

1.5 "API" means the active pharmaceutical ingredient bupivacaine.

1.6 "Applicable Law" means applicable United States and foreign federal, state, and local laws, orders, rules, regulations, guidelines, standards, customs and ordinances, including, without limitation, (to the extent they are applicable) those of the FDA (including the Act), and those of the EMA, and those of any comparable foreign Regulatory Authorities.

1.7 "Base Fee" means the monthly fee paid by Pacira in consideration for the Services, as more specifically set forth in Exhibit 2.2-A attached to this Agreement and Schedule 2.1(a) of the Manufacturing and Supply Agreement. For the avoidance of doubt, Base Fees do not include Capital Expenditures, Product Fees (as defined in the Manufacturing and Supply Agreement), Material Costs (as defined in the Manufacturing and Supply Agreement), or charges for Bill Back Items or Additional Services.

1.8 "Bill Back Items" means items and services set forth in Schedule 2.1(a) of the Manufacturing and Supply Agreement that are used or necessary in connection with the Manufacture of the Products and which result in a nominal cost to Pacira.

1.9 "Capital Expenditures" has the meaning set forth in Section 2.2.

1.10 "**[**]** Filling Area" has the meaning set forth in Section 2.1.

1.11 "Certificate of Analysis" has the meaning set forth in Section 1.9 of the Manufacturing and Supply Agreement.

1.12 "Change of Control" has the meaning set forth in Schedule 10.6 of the Manufacturing and Supply Agreement.

1.13 "Claim" has the meaning set forth in Section 7.3(a).

1.14 "Completion of the Tech Transfer" has the meaning set forth in Section 8.2.

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1.15 "Confidentiality Agreement" has the meaning set forth in Section 3.1.

1.16 "Control" or "Controlled" means ownership or the right by a Party to assign or grant a license or sublicense under intellectual property rights to the other Party of the scope set forth herein, without breaching the terms of any agreement with a Third Party.

1.17 "Discretionary Manufacturing Changes" has the meaning set forth in Exhibit 2.1-F.

1.18 "Effective Date" has the meaning set forth in the Preamble.

1.19 "EMA" means the European Medicines Agency.

1.20 "Equipment" means any equipment used in the Manufacture of the Product.

1.21 "Exploit" means to make, have made, import, use, sell, offer for sale, or otherwise dispose of the Product or process, including the research, development (including the conduct of clinical trials), registration, modification, enhancement, improvement, manufacture, storage, formulation, optimization, export, transport, distribution, promotion, or marketing of the Product or process.

1.22 "Facility" means the facility of Patheon located at Kingfisher Drive, Swindon, Wiltshire SN3 5BZ, United Kingdom.

1.23 "FDA" means the United States Food and Drug Administration and any successor organization thereto and all agencies under its direct control.

1.24 "FDA Approval Date" means the date of receipt of FDA approval for Patheon's manufacturing, testing, and packaging for the Product from Manufacturing Suite A-2.

1.25 "GMP" means the current good manufacturing practices applicable from time to time to the Manufacturing of the Product, or any intermediate of the Product, pursuant to Applicable Law, including those promulgated under the Act at 21 C.F.R. (chapters 210 and 211), and those promulgated under EC Directive 2003/94/EC, together with the latest FDA and EMA guidance documents pertaining to manufacturing and quality control practices, all as updated, amended and revised from time to time.

1.26 "Indemnification Claim Notice" has the meaning set forth in Section 7.3(a).

1.27 "Indemnified Party" has the meaning set forth in Section 7.3(a).

1.28 "Indemnifying Party" has the meaning set forth in Section 7.3(a).

1.29 "Key Technical Assumptions" has the meaning set forth in Exhibit 2.1-D.

1.30 "Loss" means any claims, lawsuits, judgments, suits, actions, losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys' fees and disbursements).

1.31 "Maintenance" means the maintenance of Equipment and Facilities in satisfactory operating condition, including the performance of systematic inspection and service of Equipment.

1.32 "Make Good Costs" has the meaning set forth in Section 8.11(c).

1.33 "Manufacture" and "Manufacturing Services" means the manufacturing, processing, formulating, filling, packaging, labeling, storage, handling, and quality control testing of Materials or of a pharmaceutical product.

1.34 "Manufacturing and Supply Agreement" has the meaning set forth in the Preamble.

1.35 "Manufacturing Suite A-2" means the manufacturing suite at the Facility, whose footprint is attached as Exhibit 2.1-A to this Agreement, which footprint and engineering approach shall be revised by the Parties in order to adapt the Manufacturing Suite A-2 to Pacira's Manufacturing Process, as set forth in Section 2.1 hereto.

1.36 "Manufacturing Suite B-2" means the manufacturing suite at the Facility, whose footprint is attached as Exhibit 2.1-A to this Agreement, which footprint and engineering approach shall be revised by the Parties in order to adapt the Manufacturing Suite B-2 to Pacira's Manufacturing Process, as set forth in Section 2.1 hereto.

1.37 "Manufacturing Suites" means Manufacturing Suite A-2, Manufacturing Suite B-2 together with the areas identified in the plan attached as Exhibit 2.1-A as the areas for the Filling and Support Operations and Secondary Operations. The footprint of the Manufacturing Suites is attached as Exhibit 2.1-A to this Agreement. Such footprint is diagrammatic in nature and is intended to generally depict the location and approximate size of current spaces allocated to Pacira. Such footprint may be amended to be specifically adapted to the Manufacture of the Product, and the Parties shall agree upon the definitive footprint, taking into account parameters such as the exact design of the space, space classifications, code requirements, equipment, materials, personnel, waste stream process flows, equipment sizing and utility requirements.

1.38 "Materials" means all API, lipids, excipients and processing aids, and processing, filling and packaging components, used in connection with the Manufacture of the Product and listed in Schedule 1.49 of the Manufacturing and Supply Agreement, as amended prior to Product launch, based on the Parties' most recent usage experience rate, and to reflect changes to the Specifications.

1.39 "NDA" means the new drug application for a product, including the Product, requesting permission to place a drug on the market in accordance with 21 C.F.R. Part 314, and all supplements filed pursuant to the requirements of the FDA, including all documents, data, and other information filed concerning such product that are necessary for FDA approval to market such product in the Territory.

1.40 "NDC" means "national drug code," a unique three-segment number, which is a universal product identifier for human drugs.

1.41 "Pacira" has the meaning set forth in the Preamble.

1.42 "Pacira Indemnified Parties" has the meaning set forth in Section 7.2.

1.43 "Pacira Manufacturing Equipment" has the meaning set forth in Exhibit 2.1-F.

1.44 "Pacira On Site Representative" has the meaning set forth in Section 2.7.

1.45 "Pacira Purchased Patheon Manufacturing Equipment" has the meaning set forth in Exhibit 2.1-F.

1.46 "Pacira's Manufacturing Process" means Pacira's proprietary process for Manufacturing the Product, and each intermediate of the Product, using the DepoFoam® technology as approved by the FDA as of the Effective Date.

1.47 "Party" or "Parties" has the meaning set forth in the Preamble.

1.48 "Patheon" has the meaning set forth in the Preamble.

1.49 "Patheon Indemnified Parties" has the meaning set forth in Section 7.1.

1.50 "Patheon Manufacturing Equipment" has the meaning set forth in Exhibit 2.1-F.

1.51 "Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, or other similar entity or organization, including a government or political subdivision, department, or agency of a government.

1.52 "Process Support and Validation Fees" has the meaning set forth in Section 2.2.

1.53 "Product" has the meaning set forth in the Recitals hereto, in finished, packaged form or finished, unpackaged form, according to the Specifications.

1.54 "Project Manager" has the meaning set forth in Section 2.7(c).

1.55 "Proprietary Information" has the meaning set forth in the Confidentiality Agreement.

1.56 "Quality Agreement" has the meaning set forth in Section 3.1 of the Manufacturing and Supply Agreement.

1.57 "Regulatory Approval" means any and all approvals (including pricing and reimbursement approvals), licenses, registrations, or authorizations of any Regulatory Authority necessary to Exploit the Product in any country in the Territory, including any (a) approval of a Product, Marketing Authorization and supplements and amendments thereto; (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or

authorization related thereto); (c) labeling approval; and (d) technical, medical, and scientific licenses.

1.58 "Regulatory Authority" means any applicable supra-national, federal, national, regional, state, provincial, or local regulatory agencies, departments, bureaus, commissions, councils, or other government entities regulating or otherwise exercising authority with respect to the Exploitation of the Product in the Territory.

1.59 "Remediation Period" has the meaning set forth in Section 8.5.

1.60 "Required Manufacturing Changes" has the meaning set forth in Exhibit 2.1-F.

1.61 "Services" means the (a) Manufacturing Services performed by Patheon pursuant to the Manufacturing and Supply Agreement; and (b) the Transfer Services performed by Patheon under this Agreement.

1.62 "Specifications" means the specifications for each presentation of Product (*i.e.*, the dosage forms in Schedule 1.82 of the Manufacturing and Supply Agreement) given by Pacira to Patheon relating to the specifications of the Materials; the manufacturing specifications, directions and processes; the storage requirements; all environmental, health and safety information for the Product including material safety data sheets and the finished Product specifications, packaging specifications and shipping requirements for the Product, as amended, modified, or supplemented from time to time in accordance with the specifications set forth in the applicable NDA for the Product.

1.63 "Steering Committee" has the meaning set forth in the Strategic Co-Production Agreement.

1.64 "Strategic Co-Production Agreement" has the meaning set forth in the Recitals.

1.65 "Suite A-2 IOQ" means the completion of the installation qualification and operational qualification of Manufacturing Suite A-2's Equipment, computer systems, utilities and manufacturing area, enabling the initiation of technical transfer activities as indicated by the delivery by Patheon to Pacira of the interim IOQ report for Manufacturing Suite A-2.

1.66 "Suite B-2 IOQ" means the completion of the installation qualification and operational qualification of Manufacturing Suite B-2's Equipment, computer systems, utilities and manufacturing area, enabling the initiation of technical transfer activities as indicated by the delivery by Patheon to Pacira of the interim IOQ report for Manufacturing Suite B-2.

1.67 "Technology" means (a) any discovery, improvement, process, formula, data, invention, know-how, trade secret, procedure, device, proprietary methods and materials, or other intellectual property (including any enhancement in the Manufacture, the Equipment, formulation, ingredients, preparation, dosage form, means of delivery, dosage, or packaging of the Product or any discovery or development of a new or improved delivery process for the Product or indication for the Product), (i) whether or not patentable, and (ii) whether developed, conceived, or created

by employees of, or consultants to, Pacira or Patheon, alone or jointly with each other or with permitted third parties (including permitted sublicensees); and (b) the rights and interests in and to issued patents and pending patent applications (which for purposes of this Agreement shall be deemed to include certificates of invention and applications for certificates of invention and priority rights) with respect to matters described in clause (a) in any country, including all provisional applications, substitutions, continuations, continuations-in-part, divisions, and renewals, all letters patent granted thereon, and all reissues, reexaminations and extensions thereof, Controlled by a Party. The term "Technology" will include any modification of, improvement to, or derivative work of the Product or then-existing patent rights and technology that are useful with respect to the activities hereunder and that are Controlled by a Party.

1.68 "Term" has the meaning set forth in Section 8.1.

1.69 "Territory" means [**].

1.70 "Third Party" means a Person who is neither a Party nor an Affiliate of a Party.

1.70 "Timeline" has the meaning set forth in Section 2.1.

1.71 "Transfer Services" means the services rendered under this Agreement, as described in Section 2.1 and in the Exhibits attached to this Agreement, based on the Key Technical Assumptions stated therein.

1.72 "Transfer Services Termination Costs" has the meaning set forth in Section 8.11(d).

ARTICLE 2

TRANSFER SERVICES

2.1 Description of Transfer Services. Patheon will (a) provide engineering and construction services, directly or using third parties, to construct Manufacturing Suite A-2 and Manufacturing Suite B-2 in accordance with the engineering approach and the footprints set forth in Exhibit 2.1-A of this Agreement, as it may be amended, and the projected capital requirements set forth in Exhibit 2.1-B, (b) procure and/or validate the Equipment necessary to Manufacture the Product in accordance with Exhibit 2.1-F and perform the Transfer Services set forth in Exhibit 2.1-C, (c) [**], and (d) provide other services set forth in Exhibit 2.1-D in order to validate and implement Pacira's Manufacturing Process for the Product in compliance with the Quality Agreement, GMP and the Specifications and register the Facility to Manufacture the Product (collectively, the "Transfer Services"). Patheon will perform the Transfer Services in a professional manner, to facilitate the Regulatory Approval of the Manufacturing Suites as the manufacturing, testing, and packaging sites for the Product, and so that the Product is Manufactured and tested in accordance with Pacira's Manufacturing Process and the NDA submitted by Pacira for the Product, including testing and releasing (limited to identification testing and inspection of Certificates of Analysis) all Materials according to the NDA-approved Specifications and test methods. Patheon will use its commercially reasonable efforts to complete the Transfer Services in a timely fashion

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in accordance with the schedule set forth in Exhibit 2.1-E (the "Timeline"). The Parties will cooperate with one another in the performance of this Agreement in good faith.

2.2 Payments for Transfer Services. The Parties acknowledge and agree that Patheon's sole consideration for the Transfer Services performed hereunder is (a) the payment of the Base Fees, as set forth in Exhibit 2.2-A of this Agreement, (b) the payments associated with the Equipment, Manufacturing Suite construction and related process and support and validation services, each in accordance with the capital requirements set forth in Exhibit 2.1-B (together, the "Capital Expenditures"); (c) charges for Bill Back Items; and (d) charges for Additional Services. In no event shall the Capital Expenditures exceed the Grand Total indicated in Exhibit 2.1-B by more than [**], unless otherwise mutually agreed by the Parties in writing. All payments from Pacira to Patheon hereunder will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV of the Manufacturing and Supply Agreement. Notwithstanding the foregoing, Patheon will invoice Pacira for the "Process Support and Validation" component of the Capital Expenditures ("Process Support and Validation Fees") in accordance with the payment schedule set forth in Exhibit 2.2-B. All invoices from Patheon to Pacira for Capital Expenditures shall include all (if any) applicable invoices from vendors for the supply, transportation, installation, and commissioning of the Equipment that pertain to the Transfer Services invoiced by Patheon.

2.3 Modifications. The Parties may modify and agree upon the definitive engineering approach, footprints of the Manufacturing Suites, or the Timeline, taking into account parameters such as the exact design of the space, space classifications, code requirements, Equipment, materials, personnel, waste stream process flows, equipment sizing and utility requirements. Any such modifications shall be discussed by the Parties and agreed in writing including as to any consequential fees and costs or savings relating thereto, duly executed by the Parties.

2.4 Pacira's Responsibilities.

(a) To assist Patheon in its performance of the Transfer Services under this Agreement, Pacira shall at its expense (i) provide Patheon DDP Incoterms 2010 the Facility all Pacira's Manufacturing Equipment in a timely fashion on request by Patheon; (ii) provide Patheon in a timely fashion with relevant information, documentation, and data relating to (1) Pacira's Manufacturing Process, (2) the Equipment necessary to Manufacture the Product in accordance with Pacira's Manufacturing Process, and to (3) Product safety and information, documentation, and data, including NDA numbers, NDC codes, "CMC" sections of NDAs, validation protocols, validation reports, method validation protocols, method validation reports, and other documents necessary or reasonably requested by Patheon for Patheon to Manufacture the Product, provide the Transfer Services or otherwise necessary or appropriate for Patheon's performance hereunder, and (iii) Materials pursuant to Section 2.12. If requested by Patheon to provide support or information, Pacira shall provide such reasonable and necessary support or information in order to enable Patheon to perform the Transfer Services under this Agreement as soon as reasonably possible and in any event within fifteen (15) business days of Patheon's request (or will provide an explanation of the legitimate reason for any delay and a projected date by which such support or information will be provided). In the event Pacira is to review or approve any information, documentation, data, or samples prepared or supplied by or on behalf of Patheon, it will complete such review and approval

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process as soon as reasonably possible and in any event within fifteen (15) business days of Patheon's request.

(b) It is understood and acknowledged by the Parties that Pacira will retain ownership of the NDA to the Product, and any supplements thereto, and is responsible for the NDA submission documents and all correspondence with the FDA and other competent Regulatory Authority concerning the Product, other than submission documents and correspondence associated with GMP inspections of the Facility; provided, however, that Section 2.9 of this Agreement and Section 3.6 of the Manufacturing and Supply Agreement will govern the ownership of the intellectual property rights described or disclosed in such NDA and supplements.

(c) Pacira shall have the sole responsibility for the filing of all documents with all applicable Regulatory Authorities, and to take any other actions that may be required for the receipt of Regulatory Approval for the development or commercial manufacture of the Product. Pacira will, at its expense and in cooperation with Patheon, use commercially reasonable efforts to diligently and proactively pursue Regulatory Approval for Patheon's Manufacture of the Product at the Facility in a timely fashion in accordance with the Timeline. Without limiting such obligation, Pacira shall be responsible for filing the NDA submission documents, drug listing the Product, and completing all correspondence with the FDA concerning the Product. Pacira agrees that it will use commercially reasonable efforts to file the "CMC" sections for the Product with the FDA as soon as possible after Patheon has provided to Pacira the data, sterility assurance information (*e.g.*, completed aseptic validation information written and compiled in support of the NDA filing) and reports required for Pacira to complete the "CMC" sections, in a form acceptable to Pacira and Patheon (which acceptance shall not be unreasonably withheld or delayed) . All documentation and data provided by Patheon in support of the NDA filing shall be accurate and true and will reflect the current processes and procedures in place at Patheon.

(d) Where documents or data generated by Patheon in relation to the Transfer Services are to be filed by Pacira with any Regulatory Authority and such filing includes data or information pertaining to a Patheon Regulatory Obligation (as such term is defined in the Manufacturing and Supply Agreement), prior to filing any such documents and data with the Regulatory Authority, Pacira shall provide Patheon with a copy of the documents incorporating such data so as to give Patheon the opportunity to review the accuracy of such documents as it relates to the Patheon Regulatory Obligation in accordance with the review and comment procedures set forth in Section 3.16 of the Manufacturing and Supply Agreement (including the process for resolution of inaccuracies set forth in Section 3.16(c) thereto). Notwithstanding anything in Section 3.16 of the Manufacturing and Supply Agreement to the contrary: (i) at least twenty one (21) calendar days prior to filing with the Regulatory Authority any documentation which is or is equivalent to the Quality document portion (Drug Product section) of the U.S. Investigational New Drug application, the EU Clinical Trial application and Investigational Medicinal Product Dossier, the Common Technical Document module 3 (Drug Product section) of the US New Drug Application, U.S. Biological License Application, or the EU Marketing Authorization Application, as the case may be, Pacira shall provide Patheon with a copy of the Initial Draft (defined in the Manufacturing and Supply Agreement) of such portion so as to permit Patheon to verify that the Initial Draft accurately describes the development and validation work Patheon has performed and the manufacturing and

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control processes that Patheon will perform pursuant to this Agreement; (ii) Patheon shall provide comments regarding such Initial Draft no later than seven (7) days prior to the required filing date with the applicable Regulatory Authority (including notifying Pacira of any identified inaccuracies); and (iii) Pacira shall deliver a copy of the Final Filing (as defined in the Manufacturing and Supply Agreement) to Patheon at least three (3) days prior to the required filing date.

2.5 Patheon's Responsibilities. Patheon will, at its expense, in consideration for the payments and reimbursements set forth in Section 2.2, provide the Transfer Services in a professional and diligent manner, and use its commercially reasonable efforts to complete the Transfer Services in a timely fashion in accordance with the Timeline. Patheon will provide to Pacira all data and documentation necessary to support Pacira's submissions to the FDA, or any responses to questions raised by the FDA with respect to those Transfer Services, that are necessary for Regulatory Approval of the Facility as the manufacturing, testing, and packaging site for the Product. Patheon will promptly notify Pacira in writing and by telephone if an authorized agent of a Regulatory Authority visits Manufacturing Suite A-2 or Manufacturing Suite B-2, or any other location in the Facility where the Product is being manufactured, packaged, stored or quality tested, will permit Pacira or its agents to be present at the Facility in order to support Patheon during such visit or inspection. Responsibility for the remediation of any issue detected during such visit or inspection shall be borne by the Party responsible for such issue (*i.e.*, with respect to Pacira, issues pertaining to the Pacira Manufacturing Process, Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment, and with respect to Patheon, issues pertaining to the Facility and all other Equipment). Patheon will provide copies of regulatory correspondence related to such inspection in accordance with the review and comment procedures set forth in Section 3.16 of the Manufacturing and Supply Agreement.

2.6 Equipment. The Parties shall procure, supply, install, commission and validate the Equipment in compliance with (a) Exhibit 2.1-F; (b) the capital requirements set forth in Exhibit 2.1-B and (c) the "Qualification and Validation" process set forth in Exhibit 2.1-C. Patheon is authorized to use the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment pursuant to Exhibit 2.1-F solely for the purposes of performing the Transfer Services.

2.7 Pacira On Site Representatives; Reporting of Results; Project Managers.

(a) Pacira shall have the right at all times throughout the Term to have a reasonable number of representatives (each, a "Pacira On Site Representative") present in that portion of the Facility that is being constructed or used to Manufacture the Product or store Materials, to observe the procedures and processes used to Manufacture the Product or to perform the activities associated with the transfer of Pacira's Technology hereunder. The Pacira On Site Representatives shall have full access to the Manufacturing Suites and to the non-financial records that relate to the Product, and all records pertaining to any Materials and to Third Party invoices specifically recharged by Patheon to Pacira as a Capital Expenditure or Bill Back Item. For the avoidance of doubt, the term "non-financial records" as used in this Agreement does not include the Reports (defined in Section 3.12 of the Manufacturing and Supply Agreement). Patheon shall provide reasonable (temporary) on-site accommodations at the Facility for the Pacira On Site Representatives (*e.g.*, conference room facilities). Pacira On Site Representatives shall observe at all times Patheon's policies and

procedures (as amended from time to time) as they pertain to the Facility, including policies relating to health and safety and compliance; provided that Pacira is given notice of such policies and given a reasonable period of time to review and implement such policies. Pacira will comply with all reasonable directions of Patheon in relation to the same. Patheon may refuse or limit in its sole discretion at any time admission to the Facility by any Pacira On Site Representative who fails to observe such policies or comply with such reasonable directions. For the avoidance of doubt, Pacira On Site Representatives shall have (i) no management authority over any Patheon employee and (ii) no authority to conclude contracts on behalf of Pacira.

(b) Patheon will respond to Pacira's inquiries regarding the status of the Transfer Services on an ongoing basis, and Patheon will endeavor to keep Pacira informed of interim results of the Transfer Services. Patheon will provide copies of all analytical, cleaning, and process validation protocols, data summaries, reports and all batch records, test methods, and specifications for Pacira's review, comment, and approval prior to implementation and execution. Once such protocols, data summaries, reports, records, methods, and specifications have been approved and executed, Patheon will provide copies to Pacira. Patheon will provide Pacira with information relating to the Equipment to be used in connection with the Manufacture of the Product, which Equipment will be subject to Pacira's review and approval (not to be unreasonably withheld or delayed). Within five (5) business days after Pacira's request, Patheon will provide to Pacira documentation that summarizes the implementation efforts of the Transfer Services at the Facility.

(c) Patheon and Pacira will each appoint a project manager (each, a "Project Manager" and, together, the "Project Managers"), who will meet as needed to resolve any issues or problems associated with the Transfer Services. Patheon will not remove the Patheon Project Manager without Pacira's prior written consent (not to be unreasonably withheld, conditioned or delayed) except in the event of such Project Manager's promotion, resignation, incapacity or death, or termination for cause. Pacira's Project Manager may be one of the Pacira On Site Representatives. Either Party may request from the other a change of Project Manager, which such request shall be referred to the Steering Committee.

2.8 Dispute Resolution.

(a) The Parties recognize that disputes may arise from time to time during the term of this Agreement that relate to whether either Party has fulfilled its obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of such disputes arising under this Agreement in an expedient manner by mutual cooperation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Section 2.8 if and when a dispute arises under this Agreement.

(b) Unless otherwise specifically recited in the Agreement, disputes between the Parties under this Agreement will be first referred to the Project Manager of each Party as soon as reasonably possible after such dispute has arisen. If the Project Managers are unable to resolve such a dispute within [**] of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Steering Committee. If the Steering Committee is unable to resolve such a dispute within [**] of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Chief Executive

Officer of each Party, for attempted resolution by negotiations within [**] after such notice is received. The contact information of the current Chief Executive Officer of each Party is as follows:

For Pacira: David Stack
Telephone:
Facsimile:
Email:

For Patheon: James Mullen
Telephone:
Facsimile:
Email:

2.9 Ownership. The Parties' intellectual property ownership rights relating to the subject matter of this Agreement shall be governed by ARTICLE V of the Manufacturing and Supply Agreement.

2.10 Non-Solicit

(a) During the Term and for a period of [**] after expiration or termination of this Agreement, neither Patheon nor its Affiliates, directly or indirectly, will (i) induce or attempt to induce the Pacira On Site Representatives or any other employee of Pacira or any of its Affiliates to leave the employ of Pacira or such Affiliate, or in any way interfere with the relationship between Pacira and its Affiliates and any employee thereof; (ii) hire directly or through another Person any individual who was an employee of Pacira or its Affiliates; or (iii) induce or attempt to induce any customer, licensee, licensor or other business relation of Pacira and its Affiliates to cease doing business with Pacira and its Affiliates, or in any way interfere with the relationship between any such customer, licensee, licensor or business relation of Pacira and its Affiliates. The foregoing will not, however, prohibit Patheon or any of its Affiliates from (x) publishing any general public solicitation of employment opportunities; (y) employing anyone who responds to such solicitation, or (z) prospecting or dealing in any way with Persons who have not been introduced to Patheon or any of its Affiliates by Pacira or who are an existing or prospective customer of Patheon or its Affiliates.

(b) During the Term and for a period of [**] after expiration or termination of this Agreement, neither Pacira nor its Affiliates, directly or indirectly, will (i) induce or attempt to induce any employee of Patheon or any of its Affiliates to leave the employ of Patheon or such Affiliate, or in any way interfere with the relationship between Patheon and its Affiliates and any employee thereof; (ii) hire directly or through another Person any individual who was an employee of Patheon or its Affiliates; or (iii) induce or attempt to induce any customer, licensee, licensor or other business relation of Patheon and its Affiliates to cease doing business with Patheon and its Affiliates, or in any way interfere with the relationship between any such customer, licensee, licensor or business relation of Patheon and its Affiliates. The foregoing will not, however, prohibit Pacira or any of its Affiliates from (x) publishing any general public solicitation of employment opportunities or (y) employing anyone who responds to such solicitation.

2.11 Compliance Audits. With the exception of "for cause" audits (e.g., audits arising in the event of regulatory issues or material Product conformity issues), Pacira and its designated representatives shall have the right to audit [**] all applicable non-financial records pertaining to the Product or Patheon's obligations hereunder and non-financial records of Patheon for the purpose of determining Patheon's compliance with the obligations set forth in this Agreement. Pacira shall provide Patheon at least [**] prior advance notice of its intention to conduct such audit and the Parties will determine a mutually agreeable date for such audit. Pacira shall include no more than [**] of Pacira's representatives in each such audit, with each such audit lasting no more than [**], without Patheon's prior written consent.

2.12 Materials. Pacira shall purchase all Materials for the Transfer Services and ship such Materials to Patheon in accordance with this Section 2.12 (except as otherwise mutually agreed to by the parties in writing, in which case such Materials shall be considered Bill Back Items hereunder). All shipments from Pacira to Patheon will be made DDP (Incoterms 2010) the Facility unless otherwise agreed. All shipments of Pacira-supplied Materials, if required, will be accompanied by Certificate(s) of Analysis from the Material manufacturer or Pacira, confirming its compliance with the Material's specifications. Pacira will obtain the proper release of the Pacira-supplied Materials from the applicable customs agency and Regulatory Authority. Pacira or Pacira's designated broker will be the "Importer of Record" for Pacira-supplied Materials imported to the Facility. Pacira-supplied Materials will be held by Patheon on behalf of Pacira as set forth in this Agreement. Title to Pacira-supplied Materials will at all times remain the property of Pacira or a Pacira Affiliate. Any Pacira-supplied Materials received by Patheon will only be used by Patheon to perform the Services.

2.13 Bill Back Items. Patheon shall invoice Pacira monthly for any Bill Back Items used in connection with the Transfer Services during the preceding month in accordance with ARTICLE IV of the Manufacturing and Supply Agreement. Patheon may only invoice Bill Back Items that have been quoted to and approved in writing by Pacira's Project Manager, or otherwise mutually agreed to by the parties in advance.

2.14 Additional Services. If Pacira is interested in having Patheon perform Additional Services, Pacira will provide Patheon with a written request containing sufficient detail to enable Patheon to provide Pacira with a quote and proposal to provide such Additional Services. Patheon may only invoice for Additional Services that have been quoted to and approved in writing by Pacira's Project Manager. Patheon shall invoice Pacira monthly for any Additional Services performed by Patheon during the preceding month in accordance with ARTICLE IV of the Manufacturing and Supply Agreement.

2.15 Storage. Patheon will provide sufficient storage capacity to support storage of the required quantity of Materials necessary for Transfer Services for up to [**]. Product post manufacture will be stored free of charge for [**] after which Product should be collected by Pacira [**] the Facility (Incoterms 2010) or destroyed at Pacira's cost. Any additional storage, or storage of Materials or Product beyond the [**] stated herein, will be subject to the mutual agreement of the Parties to include the fees relating thereto. [**] for the same in accordance with the following provision. At all times during the Term, [**] will maintain commercial insurance coverage at least

as comprehensive as the coverage levels as set forth on [**] of the Manufacturing and Supply Agreement. Should an event arise leading to loss or damage of stored Materials or Product, any insurance proceeds received by [**] will first be paid to [**] for any loss or damage it has suffered, and thereafter to [**] in conjunction with other Persons pro-rated as necessary in the event the insurance proceeds are insufficient to cover all loss or damage. Pacira's cost price for the Materials as at the Effective Date is as set out in Schedule 1.49 of the Manufacturing and Supply Agreement.

2.16 Shipping. Except to the extent set forth otherwise in this Agreement or the Manufacturing and Supply Agreement, any shipment from Patheon to Pacira, whether of Product, Materials or otherwise, shall be made [**] (Incoterms 2010) the Facility unless otherwise mutually agreed. Any shipment from Pacira to Patheon will be made DDP (Incoterms 2010) the Facility.

2.17 Changes in Applicable Law. Should during the Term of this Agreement a change or changes in Applicable Law lead to Patheon (a) providing services not originally contemplated by Patheon, or (b) incurring increased costs in order to comply with said change or changes, any such services or costs (to the extent pertaining to the Product or related to the Pacira Manufacturing Process, the Pacira Manufacturing Equipment or the Pacira Purchased Patheon Manufacturing Equipment) shall constitute an Additional Service subject to mutual written agreement of the Parties.

2.18 Base Fees. Patheon will invoice Pacira monthly in advance for the Base Fees as set forth in Exhibit 2.2-A hereto. All Base Fees will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV of the Manufacturing and Supply Agreement.

ARTICLE 3

CONFIDENTIALITY

3.1 Confidentiality Obligations. The Parties agree that the terms of the Confidentiality Agreement dated April 4, 2014 between the Parties shall govern the confidentiality obligations of the Parties and are incorporated herein by this reference (the "Confidentiality Agreement"). A copy of the Confidentiality Agreement is attached herein as Exhibit 3.1.

3.2 Press Releases; Use of Trademarks. The Parties agree not to disclose any terms or conditions of this Agreement to any Third Party without the prior consent of the other Party, save as permitted pursuant to the Confidentiality Agreement. Neither Party shall (a) issue a press release or make any other public statement that references this Agreement or (b) use the other Party's or the other Party's Affiliates' names or trademarks for publicity or advertising purposes, except with the prior written consent of the other Party, save as permitted pursuant to the Confidentiality Agreement or Securities and Exchange Commission filings which are required by Applicable Law, in which instance both Parties shall work together in good faith to agree the disclosure to be made having due and proper regard to their legal obligations. Each Party agrees that it shall cooperate fully and in a timely manner with the other with respect to all disclosures to the Securities and Exchange Commission or any other governmental or regulatory agencies, including requests for confidential treatment of Proprietary Information of either Party included in any such disclosure.

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

3.3 Injunctive Relief. Each Party acknowledges that a breach by either Party of the Confidentiality Agreement, this ARTICLE 3 or Sections 2.9 and 2.10 cannot reasonably or adequately be compensated in damages in an action at law and that such a breach may cause the other Party irreparable injury and damage. By reason thereof, each Party agrees that the other Party may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach of this ARTICLE 3 and Sections 2.9 and 2.10, without the need of posting a bond or other security; provided, however, that no specification in this Agreement of a specific legal or equitable remedy will be construed as a waiver or prohibition against the pursuing of other legal or equitable remedies in the event of such a breach. Each Party agrees that the existence of any claim, demand, or cause of action of it against the other Party, whether predicated upon this Agreement, or otherwise, will not constitute a defense to the enforcement by the other Party, or its successors or assigns, of the covenants contained in this ARTICLE 3 and Sections 2.9 and 2.10.

ARTICLE 4

PACIRA'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

4.1 Commercially Reasonable Efforts. Except where specifically stated to the contrary in this Agreement otherwise, Pacira will use its commercially reasonable efforts to perform Pacira's obligations hereunder.

4.2 Additional Representations, Warranties, and Covenants of Pacira. Pacira warrants, represents, and covenants that:

(e) throughout the Term, (i) it or its Affiliates Control all right, title, and interest in all issued patents and pending patent applications set forth on Exhibit 4.2, which patents and applications claim Technology embodied in the Product; and (ii) it has the right to authorize Patheon to perform the Transfer Services in accordance with the terms and conditions hereof;

(f) throughout the Term, the performance of the Transfer Services hereunder, in accordance with the terms and conditions hereof and using Pacira's Manufacturing Process, or the manufacture, use, sale or other disposition of the Product by Patheon as may be required to perform its obligations under this Agreement or by Pacira, does not and will not result in the infringement or misappropriation of any Person's intellectual property rights;

(g) Pacira or its Affiliates Control and have the right to lawfully disclose the Specifications to Patheon; and

(h) as of the Effective Date, there are no actions or other legal proceedings pending concerning the infringement of Third Party intellectual property rights related to any of the Specifications, or the sale, use, or other disposition of any Product made in accordance with the Specifications.

ARTICLE 5

PATHEON'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

Patheon represents, warrants, and covenants to Pacira as follows:

5.1 Commercially Reasonable Efforts. Except where specifically stated to the contrary in this Agreement otherwise, Patheon will use its commercially reasonable efforts to perform the Transfer Services in accordance with the agreed upon Timeline. In the event Patheon is not able to meet the Timeline, Patheon will provide written notice to Pacira of such inability as soon as practical, but in any event within three (3) business days of discovering such inability.

5.2 Qualified Personnel and Transfer Services. Patheon will engage and employ professionally qualified personnel to perform the Transfer Services contemplated hereunder. Patheon represents and warrants that there is no claim, suit, proceeding, or other investigation issued on Patheon, or to the actual knowledge of Patheon, pending or threatened against Patheon, which is likely to prevent or materially adversely affect the rights and interests of Pacira hereunder or keep Patheon from performing its obligations hereunder.

5.3 Additional Representations, Warranties, and Covenants of Patheon. Patheon warrants, represents, and covenants that:

(a) (i) it has facilities, personnel, experience, and expertise sufficient in quality and quantity to perform the obligations hereunder, (ii) it shall so perform with reasonable due care and in conformity with current generally accepted standards and procedures for the type of services covered by the Transfer Services, and (iii) its management shall establish appropriate quality assurance, quality controls, and review procedures for implementation of the Transfer Services;

(b) it has at the Effective Date and shall during the Term observe and comply (to the extent they are applicable), at (subject to Section 2.17 and Schedule 2.1F(x)-(xii)) its sole cost and expense, with (i) all Applicable Laws now in force or that may hereafter be in force, pertaining to Patheon's performance of the Transfer Services and the Facility, including federal, state, and local laws, orders, regulations, rules, customs, and ordinances now in force or that may hereafter be in force and including, without limitation, (ii) labor laws, orders, regulations, rules, customs, and ordinances and (iii) those of the FDA pertaining to Patheon's performance of the Transfer Services and the Facility, and any laws, orders, regulations, rules, or ordinances issued in addition to, as a supplement to or as a replacement of Applicable Laws.

(c) none of it, its Affiliates, nor any Person under its direction or control has ever been, nor will it engage suppliers which have to its actual knowledge, after due inquiry, been, (i) debarred or convicted of a crime for which a person can be debarred, under Section 335(a) or 335(b) of the Act, or any equivalent Applicable Law of the country of Manufacture, (ii) threatened to be debarred under the Act or any equivalent Applicable Law of the country of Manufacture or (iii) indicted for a crime or otherwise (to its actual knowledge after due inquiry) engaged in conduct for which a person can be debarred under the FDA or any equivalent Applicable Law of the country of Manufacture, and Patheon agrees that it will promptly notify Pacira in the event it receives notification of any such debarment, conviction, threat or indictment. Should Patheon become aware

of any suspected noncompliance with the foregoing, Patheon will notify Pacira in writing of such issue within two (2) business days. For the purpose of this Section 5.3, suppliers and subcontractors engaged by Patheon to undertake the Manufacture of the Product shall be deemed to be under Patheon's direction or control;

(d) none of it, its Affiliates, nor any Person under its direction or control is currently 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 or any equivalent Applicable Law of the country of Manufacture, as may be amended or supplemented;

(e) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded from contracting with the U.S. federal government or the government of the country of Manufacture;

(f) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded, suspended, or debarred from any U.S. or foreign governmental program;

(g) it shall immediately notify Pacira if, at any time during the Term, Patheon, its Affiliates, or any Person under its direction or control is convicted of an offense that would subject it or Pacira to exclusion, suspension, or debarment from any U.S. or foreign governmental program; and

(h) before it subcontracts the Manufacture of the Product under this Agreement, which may only be done in accordance with Section 9.8, Patheon shall (i) ensure that its subcontractor(s) represent, warrant, and covenant Sections 5.3(a) through 5.3(g) above, and this Section 5.3(h) if the subcontractor(s) sub-subcontracts any of its obligations, which may only be done in accordance with Section 9.8, and (ii) provide Pacira with confirmation of these representations, warranties, and covenants.

5.4 Disclaimer. THE FOREGOING EXPRESS WARRANTIES AND THOSE IN ARTICLE 4 and ARTICLE 6 ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT, AND ALL OTHER WARRANTIES ARE HEREBY DISCLAIMED AND EXCLUDED BY EACH PARTY.

ARTICLE 6

GENERAL REPRESENTATION AND WARRANTIES

Each Party represents, warrants, and covenants to the other as follows:

6.1 Power and Authorization. Such Party (a) is duly formed and in good standing under the laws of the jurisdiction of its formation, (b) has the power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder, and (c) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

6.2 Enforceability. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid, and binding obligation of such Party and is enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency, or other similar laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

6.3 No Conflict. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not and will not conflict with or violate any requirement of Applicable Law or any provision of the articles of incorporation, bylaws, limited partnership agreement, or other constituent document of such Party and (b) do not and will not conflict with, violate, or breach, or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

6.4 Compliance with Applicable Law. Each Party and its Affiliates, and their respective representatives, shall comply with all applicable laws, rules and regulations in the performance of their obligations under this Agreement. Without limiting the foregoing, each Party and its Affiliates, and their respective representatives, shall comply with export control laws and regulations of the country of Manufacture and of the United States. Neither Party nor its Affiliates (or representatives) shall, directly or indirectly, without prior U.S. government authorization, export, re-export, or transfer the Product to any country subject to a U.S. trade embargo, to any resident or national of any country subject to a U.S. trade embargo, or to any person or entity listed on the "Entity List" or "Denied Persons List" maintained by the U.S. Department of Commerce or the list of "Specifically Designated Nationals and Blocked Persons" maintained by the U.S. Department of Treasury. In so far as the same applies to a Party or its Affiliates, each Party and its Affiliates and respective representatives shall comply with the requirements of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd-1, *et seq.*).

ARTICLE 7

INDEMNIFICATION

7.1 Indemnification by Pacira. Pacira will indemnify Patheon, its Affiliates, and their respective directors, officers, employees, and agents (the "Patheon Indemnified Parties"), and defend and save each of them harmless from and against any (i) Third Party Loss incurred by any of them in connection with, arising from, or occurring as a result of (a) any misrepresentation, negligence or willful misconduct by Pacira or its Affiliates and their respective directors, officers, employees and agents, in connection with or arising from Pacira's activities in support of or relating to this Agreement or Transfer Services to be provided hereunder, (b) Pacira's breach of any of its obligations, warranties, representations, or covenants hereunder, (c) a claim that the Transfer Services performed by Patheon hereunder, in accordance with the terms and conditions of this Agreement, infringes or misappropriates a patent or any other intellectual property rights, if it is a claim related to the use of Pacira's Technology, Pacira's Manufacturing Equipment, Pacira Purchased Patheon Manufacturing Equipment or Pacira's Manufacturing Process or the Product, (d) a claim that the use of any device, composition, or process provided by Pacira to Patheon and used in connection with the Transfer Services in accordance with the terms and conditions of this

Agreement constitutes infringement or misappropriation of a Third Party's intellectual property rights, or (ii) any Loss incurred by any of them in connection with the negligence or willful misconduct of the Pacira On Site Representatives at the Facility, except, in each case, for those Losses for which Patheon has an obligation to indemnify the Pacira Indemnified Parties pursuant to Section 7.2 below, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Pacira will not be required to indemnify the Patheon Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused primarily by any breach of contract, negligent act or omission, or willful misconduct by Patheon or any or its Affiliates.

7.2 Indemnification by Patheon. Patheon will indemnify Pacira, its Affiliates, and their respective directors, officers, employees, and agents (the "Pacira Indemnified Parties"), and defend and save each of them harmless from and against any third party Loss incurred by any of them in connection with, arising from, or occurring as a result of (a) any misrepresentation, negligence or willful misconduct by Patheon or its Affiliates and their respective directors, officers, employees and agents, in connection with the performance of Transfer Services or the handling of the Product by Patheon; (b) Patheon's breach of any of its obligations, warranties, representations, or covenants hereunder; or (c) a claim that any Patheon Technology employed in providing the Transfer Services infringes or misappropriates a United States patent or any other intellectual property rights except to the extent such claim is based on the use of Pacira's Technology in accordance with the terms and conditions of this Agreement; except, in each case, for those Losses for which Pacira has an obligation to indemnify the Patheon Indemnified Parties pursuant to Section 7.1 above, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Patheon will not be required to indemnify the Pacira Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused primarily by any breach of contract, negligent act or omission, or willful misconduct by Pacira or any or its Affiliates.

7.3 Indemnification Procedures.

(c) Notice of Claim. The indemnified Party (the "Indemnified Party") shall give the indemnifying Party (the "Indemnifying Party") prompt written notice (an "Indemnification Claim Notice") of any Loss, action, or discovery of facts upon which such Indemnified Party intends to base a request for indemnification under Section 7.1 or 7.2 (a "Claim"), but in no event shall the Indemnifying Party be liable for any Loss that results from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the Claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Loss upon which it intends to seek indemnification.

(d) Control of Defense. At its option, the Indemnifying Party may assume the defense of any Claims by giving written notice to the Indemnified Party within thirty (30) days after the Indemnifying Party's receipt of an Indemnification Claim Notice; provided that the assumption of the defense of a Claim by the Indemnifying Party shall not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any

Indemnified Party's Claim. Upon assuming the defense of a Claim, the Indemnifying Party may appoint as lead counsel in the defense of such Claim any legal counsel selected by the Indemnifying Party. In the event the Indemnifying Party assumes the defense of a Claim, the Indemnified Party shall immediately deliver to the Indemnifying Party all original notices and documents (including court papers) received by any Indemnified Party in connection with the Claim. Subject to clause (c) below, if the Indemnifying Party assumes the defense of a Claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense, or settlement of such Claim. In the event that it is ultimately determined that the Indemnifying Party is not obligated to indemnify, defend, or hold harmless an Indemnified Party from and against any Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including reasonable attorneys' fees and costs of suit) and any Loss incurred by the Indemnifying Party in its defense of such Claim.

(e) Right to Participate in Defense. Without limiting Section 7.3(b), any Indemnified Party shall be entitled to participate in, but not control, the defense of a Claim and to employ counsel of its choice for such purpose; provided, however, that such employment shall be at the Indemnified Party's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 7.3(b) (in which case the Indemnified Party shall control the defense), or (iii) the interests of the Indemnified Party and the Indemnifying Party with respect to such Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules, or equitable principles, in which cases, it shall be at the Indemnifying Party's expense.

(f) Settlement. With respect to any Loss relating solely to the payment of money damages in connection with a Claim and that will not result in the Indemnified Party's becoming subject to injunctive or other relief or otherwise adversely affect the business or reputation of the Indemnified Party in any manner, and as to which the Indemnifying Party shall have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the Indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Claims, where the Indemnifying Party has assumed the defense of the Claim in accordance with Section 7.3(b), the Indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss; provided that it obtains the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, agree to any settlement or acquiesce to any judgment with respect to a Claim that obligates the Indemnified Party to pay any amount subject to indemnification by the Indemnifying Party or causes the Indemnified Party to admit to any civil or criminal liability.

(g) Cooperation. If the Indemnifying Party chooses to defend or prosecute any Claim, the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such records, information, and testimony, provide such witnesses, and attend such conferences, discovery

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proceedings, hearings, trials, and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of records and information that are reasonably relevant to such Claim, and making employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party shall reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

(h) Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Claim shall be reimbursed on a monthly basis in arrears by the Indemnifying Party, without prejudice to the Indemnifying Party's right to, contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

7.4 Limitation of Liability.

(a) SUBJECT TO SECTION 7.4(B) BELOW, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY (DIRECT AND INDIRECT) LOSS OF PROFITS OR FOR SPECIAL, EXEMPLARY, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUSINESS INTERRUPTION, GOODWILL OR LOST PROFITS; PROVIDED, HOWEVER, THIS EXCLUSION IS NOT INTENDED TO, NOR SHALL, EXCLUDE ACTUAL OR COMPENSATORY DAMAGES OF THE AFFECTED PARTY, INCLUDING SPECIAL, EXEMPLARY, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, OWED TO THIRD PARTIES AS A RESULT OF A CLAIM PURSUANT TO THE INDEMNIFICATION OBLIGATIONS HEREOF.

(b) The limitations set forth in Section 7.4(a) shall not apply with respect to damages occasioned by a Party's breach of its obligations under [**] of this Agreement.

7.5 Re-performance. If any part of the Transfer Services provided or procured by Patheon is not materially performed in accordance with the terms of this Agreement, then Pacira's sole remedy (in addition to those expressly set forth elsewhere in this Agreement (i.e., ARTICLE 8)) will be to request Patheon to repeat that part of the Transfer Service at Patheon's cost, provided that where the Transfer Services to be repeated requires Pacira supplied Materials, Pacira will provide such Materials.

ARTICLE 8

TERM AND TERMINATION

8.1 Term. This Agreement will remain in full force and effect unless and until it expires or is terminated in accordance with the provisions of this ARTICLE 8 (the "Term").

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8.2 Expiration. This Agreement will expire upon receipt of FDA approval for Patheon's manufacturing, testing, and packaging for the Product at Manufacturing Suite A-2 and at Manufacturing Suite B-2 (the "Completion of the Tech Transfer").

8.3 Termination by Pacira. Pacira will have the right to terminate this Agreement for Pacira's convenience at any time upon written notice to Patheon in accordance with the following:

(c) Pacira may terminate this Agreement in its entirety if (i) Patheon (due solely to its acts or omissions) fails to complete Manufacturing Suite construction by the date stated in the Timeline and (ii) due solely to such failure, Patheon has not Manufactured registration batches in [**]; and

(d) at any time for convenience by giving Patheon thirty (30) days' prior written notice.

8.4 Termination by Mutual Agreement. This Agreement may be terminated at any time upon mutual written agreement between the Parties.

8.5 Termination for Default. Each Party will have the right to terminate this Agreement at any time upon written notice to the other Party, if such other Party (a) breaches any of the representations, warranties, covenants, or agreements set forth in this Agreement or (b) otherwise defaults in the performance of any of its duties or obligations under this Agreement, which in either case has a material effect on the other Party, and which breach or default is not cured within [**] after written notice is given to the breaching Party specifying the breach or default ("Remediation Period"). The aggrieved Party's right to terminate this Agreement for a particular breach under this Section 8.5 may only be exercised for a period of [**] following the expiry of the Remediation Period (where the breach has not been remedied) and, if the termination right is not exercised during this period, then the aggrieved Party will be deemed to have waived its right to terminate this Agreement for such breach.

8.6 Bankruptcy; Insolvency. To the extent permitted by law, each Party will have the right to terminate this Agreement immediately upon notice to the other Party, if the other Party shall file in any court or agency, pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for arrangement or for the appointment of a receiver or trustee of the other Party or of its assets, or if the other Party proposes a written agreement of composition or extension of its debts, or if the other Party shall be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition shall not be dismissed within [**] after the filing thereof, or if the other Party shall propose or be a party to any dissolution or liquidation, or if the other Party shall make an assignment for the benefit of its creditors.

8.7 Cross Termination. Should either Pacira or Patheon exercise its right to terminate this Agreement in its entirety (but not in the event of an expiration of this Agreement as set forth in Section 8.2) prior to the FDA Approval Date, then the Manufacturing and Supply Agreement, the Strategic Co-Production Agreement and the Quality Agreement will concurrently and automatically terminate.

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8.8 No Release. Neither the termination nor expiration of this Agreement will release or operate to discharge either Party from any liability or obligation that may have accrued prior to such termination or expiration, including any obligation to pay to the other Party any amounts accrued under this Agreement with respect to the period prior to the effective date of such expiration or termination. Except as otherwise expressly provided herein, termination of this Agreement in accordance with the provisions hereof will not limit remedies that may otherwise be available in law or equity.

8.9 Obligations. Notwithstanding the giving of any notice of termination pursuant to this ARTICLE 8, each Party will continue to fulfill its obligations under this Agreement at all times until the effective date of any such termination or expiration.

8.10 Survival. The expiration or termination of this Agreement shall be without prejudice to any rights or obligations of the Parties that may have accrued prior to such termination, and the provisions of Sections 2.2 (as it may relate to any unpaid amounts due and owing), 2.6 (as it may relate to the use to which Patheon may put the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment), 2.8, 2.9, 2.10, 2.12 and ARTICLE 1, ARTICLE 3, ARTICLE 7, ARTICLE 8, and ARTICLE 9 shall survive the expiration or termination of this Agreement.

8.11 Rights and Duties Upon Termination.

(a) Upon termination of this Agreement, Patheon will, as promptly as practicable, (i) cease work on the Transfer Services, and (ii) make available for collection by Pacira, ExW (Incoterms 2010) the Facility, all Materials and results and information resulting from the Transfer Services (whether in written or electronic form) that are then in Patheon's possession and that are the property of Pacira in accordance with Section 2.9 of this Agreement. Upon termination of this Agreement, Pacira will, as promptly as practicable, return all documentation and records of Patheon's Technology (whether in written or electronic form) that are then in Pacira's possession and that are the property of Patheon in accordance with Section 2.9 of this Agreement, except to the extent necessary to exercise any license granted by Patheon to Pacira pursuant to such section.

(b) Upon termination of this Agreement (other than by Pacira pursuant to Section 8.5), Pacira will, as promptly as practicable, (i) pay all earned but unpaid fees and charges for the Transfer Services, including Material Costs, Capital Expenditures, Bill Back Items, Additional Services, Base Fees and a pro-rated amount of any unpaid Process Support and Validation Fees to reflect Transfer Services performed as of the date of such termination by Patheon; and (ii) pay all due and outstanding invoices under ARTICLE IV of the Manufacturing and Supply Agreement, including those for Bill Back Items or Additional Services performed as of the date of such expiration and termination.

(c) Upon termination of this Agreement (other than by Pacira pursuant to Section 8.5 and Section 8.3(a)), Pacira will, as promptly as practicable, pay to Patheon all and any removal and Make Good Costs associated with the removal of the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment from the Facility. "Make Good Costs" means the reasonable costs required to repair the Facility and return it to a clean, safe and useable area based on the repair of damage caused by the installation or removal of Pacira Manufacturing Equipment.

(d) Upon termination of this Agreement (other than by Pacira pursuant to Section 8.5 and Section 8.3(a)), Pacira will, as promptly as practicable, pay to Patheon the following costs ("Transfer Services Termination Costs"): (i) all actual costs incurred by Patheon to complete activities associated with the completion, expiry or termination including, without limitation, disposal fees that may be payable for any Materials and supplies owned by Pacira to be disposed of by Patheon; (ii) all and any direct costs and expenses, or wasted costs and expenses, or termination or cancellation fees payable by Patheon as a consequence of or arising from the termination of this Agreement, to include but not limited to, all and any redundancy costs of employees employed by Patheon to work solely or mainly in providing the Services and/or Manufacturing the Product, all and any termination costs in relation to subcontractors and agency staff working solely or mainly in providing the Services and/or Manufacturing the Product, any termination or cancellation fees payable to Third Party suppliers; and (iii) any additional costs incurred by Patheon in connection with the Services that are required to fulfill outstanding applicable regulatory and contractual requirements. Patheon will use commercially reasonable efforts to mitigate the Transfer Services Termination Costs. Patheon will further provide Pacira with documentation to substantiate the Transfer Services Termination Costs. Notwithstanding anything in this Section 8.11(d) to the contrary, Pacira's liability for Transfer Services Termination Costs shall be limited to the payment to Patheon of the [**] of Transfer Services Termination Costs together with [**] of the Transfer Services Termination Costs in excess of [**] up to a maximum amount payable by Pacira of $2,000,000.

(e) Upon termination of this Agreement, in the event that Patheon will not be Manufacturing the Product for Pacira pursuant to the Manufacturing and Services Agreement, Pacira shall remove all Pacira Manufacturing Equipment and Materials from the Facility within [**] of said termination failing which Pacira will pay a fee equivalent to the aggregate monthly Base Fee for each month or part month the Pacira Manufacturing Equipment or Materials remain at the Facility post-termination.

ARTICLE 9

MISCELLANEOUS

9.1 Notices. Notwithstanding that advance notification of any notices or other communications may be given by facsimile or electronic mail transmission, all notices or other communications that shall or may be given pursuant to this Agreement shall be in writing and shall be deemed to be effective (a) when delivered if sent by registered or certified mail, return receipt requested, or (b) on the next business day, if sent by Express Mail or overnight courier, in each case to the Parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid.

If to Pacira:

Pacira Pharmaceuticals, Inc.
Attn: Legal Affairs Department – Kristen Williams
Telephone:
Facsimile:

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If to Patheon:

Attention:
Executive Director & General Manager
Patheon UK Limited
Kingfisher Drive, Covingham
Swindon, Wiltshire SN3 5BZ
England
Facsimile:

with copy to
Legal Director.

9.2 Force Majeure. Neither Party shall be liable for delay in delivery, performance or nonperformance, in whole or in part, nor shall the other Party have the right to terminate this Agreement except as otherwise specifically provided in this Section 9.2 where such delay in delivery, performance or nonperformance results from acts beyond the reasonable control and without the fault or negligence of such Party including, but not limited to, the following conditions: fires, floods, storms, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorism, insurrections, riots, civil commotion, or acts, omissions, or delays in acting by any governmental authority; provided that the Party affected by such a condition shall, within five (5) days of its occurrence, give notice to the other Party stating the nature of the condition, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is reasonably required, and the nonperforming Party shall use its commercially reasonable efforts to remedy its inability to perform; provided, however, that in the event the suspension of performance continues for ninety (90) days after the date of the occurrence, and such failure to perform would constitute a material breach of this Agreement in the absence of such force majeure event, the non-affected Party may terminate this Agreement immediately by written notice to the affected Party.

9.3 Independent Contractor. The Parties to this Agreement are independent contractors. Nothing contained in this Agreement will be construed to place the Parties in the relationship of employer and employee, partners, principal, and agent or a joint venture. Neither Party will have the power to bind or obligate the other Party nor will either Party hold itself out as having such authority.

9.4 Waiver. Save where expressly stated to the contrary in this Agreement, no waiver by either Party of any provision or breach of this Agreement will constitute a waiver by such Party of any other provision or breach, and no such waiver will be effective unless made in writing and signed by an authorized representative of the Party against whom waiver is sought. No course of conduct or dealing between the Parties will act as a modification or waiver of any provision of this Agreement. Either Party's consent to or approval of any act of the other Party will not be deemed to render unnecessary the obtaining of that Party's consent to or approval of any subsequent act by the other Party.

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9.5 Entire Agreement. This Agreement (together with all Exhibits hereto, which are hereby incorporated by reference), the Strategic Co-Production Agreement, the Manufacturing and Supply Agreement, the Quality Agreement, and the Confidentiality Agreement constitute the final, complete, and exclusive agreement between the Parties relating to the subject matter hereof and supersede all prior conversations, understandings, promises, and agreements relating to the subject matter hereof. Neither Party has relied upon any communication, representation, term, or promise, verbal or written, not set forth herein.

9.6 Assignment; Change of Control. This Agreement may not be assigned by Patheon without the prior written consent of Pacira. Notwithstanding the foregoing, Patheon may assign this Agreement to a Patheon Affiliate or to an acquirer or successor in interest in connection with a Change of Control of Patheon without the prior written consent of Pacira, provided that Patheon provides Pacira with written notice of any such assignment and, provided further, that in the event of a Change of Control of Patheon, Pacira shall be entitled to exercise the rights set forth in Schedule 10.6 of the Manufacturing and Supply Agreement. This Agreement shall be binding upon and inure to the benefit of Pacira and Patheon and their respective successors, heirs, executors, administrators, and permitted assigns.

9.7 Amendment; Modification. This Agreement may not be amended, modified, altered, or supplemented except by a writing signed by both Parties. No modification of any nature to this Agreement and no representation, agreement, arrangement, or other communication will be binding on the Parties unless such is expressly contained in writing and executed by the Parties as an amendment to this Agreement. This Agreement may not be amended in any respect by any purchase order, invoice, acknowledgment, or other similar printed document issued by either Party.

9.8 Subcontractors. Prior to subcontracting any of Patheon's obligations hereunder which concern activities related to or would require such contractors to come in to contact or have sight of Pacira's Technology or use the Pacira Manufacturing Process, Patheon will notify Pacira of the proposed subcontractor (including in so far as they are working with the Pacira Manufacturing Equipment, temporary workers and other independent contractors) and will obtain Pacira's written approval of such subcontractor. The terms of any subcontract will be in writing, will be subject to Pacira's prior approval, and will be consistent with this Agreement, unless Pacira agrees otherwise, including (a) confidentiality obligations and (b) compliance with Applicable Law, as required of Patheon under this Agreement. No subcontracting will release Patheon from its responsibility for its obligations under this Agreement. Patheon will be responsible for the work and activities of each of Patheon's subcontractors, including compliance with the terms of this Agreement.

9.9 Governing Law.

(a) The laws of England, whether procedural or substantive (but excluding application of any choice of law provisions contained therein) shall apply to all matters pertaining only to title to and ownership of the Facility and its appurtenances including, without limitation, all rights therein and the creation, exercise and extinction of such rights, obligations and liabilities. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the English Courts. For the avoidance of doubt, except with respect to any rights set forth in Schedule 10.6 of the Manufacturing

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and Supply Agreement, the Parties agree that nothing in this Agreement shall (i) grant Pacira any property ownership rights in the Facility or (ii) shall constitute a lease to the Facility.

(b) In all other respects, this Agreement shall be construed under and governed by the laws of the State of New York, New York, U.S.A. without regard to the application of principles of conflicts of law. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the state and federal courts located in the State of New York, New York.

(c) The Parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, if applicable.

9.10 Severability. If any provision of this Agreement is found by a proper authority to be unenforceable, that provision to the extent it is found to be unenforceable or invalid will be severed and the remainder of the provision and this Agreement will continue in full force and effect. The Parties shall use their best efforts to agree upon a valid and enforceable provision as a substitute for any invalid or unenforceable provision, taking in to account the Parties' original intent of this Agreement.

9.11 Construction. Unless the context of this Agreement otherwise requires: (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; (d) the terms "Article," "Section," "Exhibit," or "clause" refer to the specified Article, Section, Exhibit, or clause of this Agreement; (e) "or" is disjunctive but not necessarily exclusive; and (f) the term "including" or "includes" means "including without limitation" or "includes without limitation." Whenever this Agreement refers to a number of days, such number will refer to calendar days unless business days are specified. The captions and headings of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The language of this Agreement will be deemed to be the language mutually chosen by the Parties, and no rule of strict construction will be applied against either Party hereto.

9.12 Third Party Beneficiaries. This Agreement is not intended to confer upon any non-party any right or remedy hereunder, except as may be received or created as part of a valid assignment.

9.13 Further Assurances. Each of the Parties agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such additional assignments, agreements, documents, and instruments, that may be necessary or as the other Party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

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9.14 Counterparts. This Agreement may be signed in counterparts, each and every one of which will be deemed an original. Facsimile or PDF signatures will be treated as original signatures.

9.15 Taxes.

(a) Patheon will bear all taxes ("Tax" or "Taxes"), however designated, imposed as a result of the provision by Patheon of the Services under this Agreement for the following:

(i) income taxes imposed on Patheon arising from Manufacture of the Product performed at the Facility by its jurisdiction of residence.

(ii) Tax in the ordinary course of business for purchases made by Patheon in the course of providing its Services, such as Value Added Tax ("VAT") and similar taxes. It does not include taxes paid by Patheon on behalf of or as agent for Pacira.

(b) Pacira shall be liable for taxes on its income and non-income that arise from the provision of Pacira-Supplied Materials and Pacira Manufacturing Equipment including VAT, customs, and duties. However, the Parties agree that they will use commercially reasonable efforts to reduce the financial impact for VAT that may apply.

(c) If either Party is required to bear a tax, duty, levy or similar charge pursuant to this Agreement by any state, federal, provincial or foreign government, including, but not limited to, Value Added Tax, that Party will pay such tax, duty, levy or similar charge and any additional amounts to the appropriate taxing authority. Any Tax that Pacira pays, or is required to pay, but which Pacira believes should properly be paid by Patheon pursuant hereto may not be offset against sums due by Pacira to Patheon whether due pursuant to this Agreement or otherwise.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, this Technical Transfer and Service Agreement has been executed by the Parties hereto as of the day and year first written above.

PATHEON UK LIMITED:		**PACIRA PHARMACEUTICALS, INC.**:	
By:	/s/ James Mullen	By:	/s/ David Stack
Name:	James Mullen	Name:	David Stack
Title:	CEO	Title:	President, CEO and Chairman

[Signature Page of Technical Transfer and Service Agreement]

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Exhibit 2.1-A

Engineering Approach

The following engineering approach and footprint are intended to generally depict the engineering approach and the location and approximate size of current spaces allocated to Pacira. Such engineering approach and footprint shall be amended to be specifically adapted to the Manufacture of the Product, and the Parties shall agree upon the engineering approach and definitive footprint, taking into account parameters such as the exact design of the space, space classifications, code requirements, equipment, materials, personnel, waste stream process flows, Equipment sizing and utility requirements.

Manufacturing Suite A-2

A Grade C manufacturing area will be constructed within the current manufacturing footprint set forth in this Exhibit 2.1-A. This area will be approximately [**] and accommodate the following:

Grade C changing rooms

Grade D and C material airlocks

Grade C manufacturing suite

Grade C Equipment Preparation area

Grade D washing area

Grade C interconnecting corridors to [**]

The area will house:

[**] manufacturing skids

Vessel farm capable of housing [**]

COP (Cleaning Out of Place) Equipment

CIP (Cleaning in place) skid (which may be located elsewhere in the Facility)

The skids and the associated tanks will be supplied free of charge by Pacira. A cost for [**] to be used [**] has been included in the Capital Expenditures set forth in Exhibit 2.1-B.

Manufacturing Suite B-2

A Grade C manufacturing area will be constructed within the current manufacturing footprint set forth in this Exhibit 2.1-A. This area will be approximately [**] and accommodate the following:

Grade C manufacturing suite

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Grade C interconnecting corridors to Manufacturing Suite A and the [**] filling suite

The area will house:

[**] manufacturing skid (approximately [**] scale up of one of the manufacturing skids located in Manufacturing Suite A-2)

Vessel farm capable of housing [**]

The skids and manufacturing vessels will be supplied free of charge by Pacira. A cost for [**] has been included in the Capital Expenditures.

Cleaning Out of Place

COP Equipment (supplied by Pacira) will be installed to allow for the cleaning of the TFF filters and small parts.

Filling

To support filling operations using the existing [**] filler, Patheon shall provide the following, which are included in the Capital Expenditures:

20mL format Change parts

Replacement autoclave and trolleys

VHP pass box

Modification to the existing grade C prep changing room to make provision for a vessel holding area for the filling suite,

Labeling, Packaging and Inspection

Engineering solution includes the purchase of a vial labeller and semi-automatic cartonner, and are included in the Capital Expenditures. Inspection activities will be conducted in the existing site facilities.

Utilities

The utility requirements for Pacira's Manufacturing Process have been considered against the existing site capacity and forecast usage. [**]**.** [**], and the following utilities will be provided to assure continuation of supply and are included in the Capital Expenditures:

Independent, sterilisable WFI storage tank and distribution loop

Independent RO generation plant, PW storage tank and distribution loop

Chiller integrated into the centralised chilled water distribution system

Waste Treatment

The waste streams associated with Pacira's Manufacturing Process have been identified and are included in the Capital Expenditures:

[**] from:

[**] from the manufacturing skid

Liquid waste from the cleaning processes

[**]

Liquid waste with pH ranges outside of allowable discharge limits coming from the cleaning process will not require additional intermediate storage and treatment to that currently available onsite.

Items not included in the Engineering Approach:

- Modification to the fabric of the existing [**] area.
- Materials and components for trials, qualification and start up activities.
- Chilling of feed from vessel to filling line. (it is assumed that vials are at ambient from point of fill and until moved to [**] storage)
- Disposal of product and solutions that require special handling.
- Pre-effluent buffer tank for waste to drain.
- WFI still and CS generator.
- Fully automated Packaging process.

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

Exhibit 2.1-A

Footprint

[**]

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Exhibit 2.1-B

Capital Expenditures

[**]

The capital requirements are based on the following assumptions:

No modification to the fabric of the existing [**] area is needed.

No pre-effluent buffer tank for waste to drain is needed.

No WFI still or CS generator is needed, as capacity is available at Facility.

Semi-automated packaging process is needed.

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

Exhibit 2.1-B

Capital requirements
(Detailed CAPITAL EXPENDITURES)

[**]

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Exhibit 2.1-C

Qualification and Validation

The following qualification and validation activities are included in the Base Fee, and only relates to the 20ml vial.

Equipment Validation

Patheon shall perform qualification and validation activities for any Equipment used to Manufacture the Product. Preparations and review of protocols and reports associated with all the planned qualification/validation activities are included.

Patheon shall perform Equipment trial to confirm compliance of the Equipment with GMP. The trial would follow the Patheon standard approach.

Patheon shall perform Container Closer Integrity testing; vials will be tested using media filled units.

Patheon shall perform qualification and validation of the following processes to ensure sterility assurance with protocols and reports prepared:

- Stopper sterilization
- Vial washing machine and depyrogenation tunnel
- Environmental control

Cleaning Process Verification/Validation

All Equipment will be dedicated and the current cleaning procedures employed by Pacira will meet the regulatory and internal requirements of the Patheon Swindon facility. It is assumed that a validated cleaning test method is available and will be transferred into Patheon laboratories and also that full cleaning occurs after each campaign (where applicable).

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Exhibit 2.1-D

Other Transfer Services

The following Transfer Services are included in the Base Fee, unless indicated otherwise below.

Manufacturing Process

The precise strategy for technology transfer to the manufacturing skids will be determined between Pacira and Patheon. The Parties agree that this will likely take the form of a [**] to Manufacture a product that meets the Specifications and is Manufactured in compliance with the Quality Agreement and the GMP. Transfer of the process shall include:

For Manufacturing Suite A-2 and Manufacturing Suite B-2:

- CIP process transfer and validation;
- COP process transfer, as necessary;
- SIP process transfer and validation;
- Bulk product manufacturing process transfer, [**]. [**] will be taken through the fill process with subsequent QC testing on the product prior to making the registration batches;
- [**] transfer and validation;
- Filling process transfer and validation; and
- Visual inspection process transfer.

Analytical Methods

Physical methods will be confirmed according to USP/EP specifications or methods supplied by Pacira. For each specific analytical method to be transferred, a protocol with pre-defined acceptance criteria will be prepared and agreed with Pacira, and only upon the successful [**] completion and approval of the associated protocol and report, the method will be deemed successfully transferred.

Patheon will validate Microbiological USP/EP test methods required for bioburden, endotoxin and sterility testing.

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It is assumed that Patheon currently have the required analytical equipment on site to perform the required testing. If any new equipment is needed then this is will be priced separately and paid by Pacira.

Bulk Media Simulation and Fill Runs

[**]. Media runs must be completed prior to Manufacture of registration batches.

Registration Batches and Stability Testing

Once a Product that meets the Specifications and Marketing Authorization can be made on the manufacturing skids, a minimum of [**] followed by [**] registration batches shall be manufactured from [**]. Patheon shall perform full QC release testing on such batches, and place such batches at normal and accelerated stability conditions in compliance with the Quality Agreement. [**] stability data will be required for regulatory submission. [**].

Stability Testing

Based on the information provided by Pacira the estimate per time point, per batch per condition is [**]. For the registration batch study it is assumed that multiple batches and conditions can be tested at the same time on the same HPLC runs and the total price for this study is estimated to be [**]. Patheon will make a detailed assessment and supply an accurate revised price for this work on provision of the full testing specification and analytical methods.

Process Validation Manufacturing

The precise strategy for Process Validation will be determined between Pacira and Patheon. Fees to support process validation are included in the Base Fee. Patheon shall conduct the Process Validation in no more than [**] for each manufacturing skid. Patheon shall Manufacture Process Validation batches according to GMP, suitable for commercial distribution. If the Process Validation batches result in saleable Product used by Pacira for commercial distribution, such batches will be released by Patheon subject solely to the terms and conditions of the Manufacturing and Services Agreement and Pacira will pay any applicable Product Fees in accordance with the terms and conditions of the Manufacturing and Supply Agreement.

Container Closure Integrity - Microbial Intrusion Test

Patheon shall conduct Container Closure Integrity testing by micro ingress, using media filled units, in compliance with the Quality Agreement.

Visual Inspection

Patheon will perform and assessment on the visual inspection for the process along with Pacira and could provide specific validation activities.

[**].

Regulatory Management or Documentation Support

To the extent requested by Pacira and agreed to by the Parties as an Additional Service, Patheon shall provide assistance in the preparation of CMC sections for the product filing. A [**] hourly billing rate shall be charged by Patheon for such regulatory services. In addition, a clerical hourly billing rate of [**] would be charged if Pacira requests the provision of additional project documentation that would not typically be provided as part of the Base Fees.

Key Technical Assumptions

The following technical assumptions apply to the production of process validation batches of EXPAREL® and the Materials used therein:

1.1 Manufacturing:

(a) **Batch Size** – The batch size will equal approximately [**]. From Manufacturing Suite A, the batch will be produced by [**] of [**] bulk product, and from Manufacturing Suite B, by producing [**] of bulk product.

(b) **Product sterilization, filling process, and sealing** – The Pacira Manufacturing Process will utilize the "Pacira Skid" system. Bulk manufacturing and sealing will be [**]. Empty vials will be washed and depyrogenated using an in line washing and tunnel machine prior to filling vials. The Pacira Manufacturing Process does not require [**].

(c) **Hold times** – Bulk vessels will be maintained at [**] degrees prior to filling. Only standard light protection is employed and that no special precautions are required during formulation, filling, and inspection.

(d) **Visual Inspection** – 100% vials visual inspection is carried out manually Defect characteristics and AQL limits will be agreed and defined for the product units in the Quality Agreement.

(e) **Finished product storage** – Finished Product will be stored at [**]. temperature. Patheon has not made consideration for the expansion of current [**] capacity.

1.2 Market Supply – Transfer Services are for **[**]** only.

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1.3 Packaging:

(a) **Primary Packaging** components:

Component	Specification	Manufacturer / Supplier
Vial	USP Type 1 glass vial, 20-mL, 13-mm neck	[**]
Stopper	Grey butyl rubber stopper, 13-mm,	Manufacturer: [**] Supplier: [**]
Seal	13-mm aluminum flip-up, tear-off seal with a polypropylene flip-off cap	[**]

(b) **Secondary Packaging** – Bulk labelled vials only.

1.4 Testing:

(a) The API will only require ID testing

(b) QC test methods are fully validated and robust at the time of commercial manufacture.

(c) Micro testing on the finished product has been included.

(d) Testing labor may be subject to change after the final agreement on testing specifications and requirements.

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Exhibit 2.1-E

Timeline

[**]

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

Exhibit 2.1-F

Equipment

(i) Pacira shall be responsible for the design (subject to Section (vi) below) and for the cost of procurement, installation, commissioning and validation of process equipment necessary to Manufacture the bulk EXPAREL® Product in Manufacturing Suite A-2 and Manufacturing Suite B-2 (the "Pacira Manufacturing Equipment"). The Pacira Manufacturing Equipment consists of [**].

(ii) Patheon shall be responsible for the procurement of any equipment, other than the Pacira Manufacturing Equipment, necessary to Manufacture the Product, including filling, packaging, labeling, testing, clean and dirty utilities, waste handling systems and all building infrastructure (the "Patheon Manufacturing Equipment").

(iii) Title to all Pacira Manufacturing Equipment and the Pacira Purchased Patheon Manufacturing Equipment will be held by Pacira or a Pacira Affiliate. Title to all Patheon Manufacturing Equipment except Pacira Purchased Patheon Manufacturing Equipment will be held by Patheon.

(iv) As of the Effective Date, some of the Patheon Manufacturing Equipment requires additions/upgrades in order to prepare for the Manufacturing of the Product. Pacira shall be responsible for the costs of such additions/upgrades, in accordance with Exhibit 2.1-B. Pacira shall own any Patheon Manufacturing Equipment added and paid for by Pacira hereunder which is reasonably capable of separation, and can practically and sensibly be separated, from the Facility or other equipment at the Facility at the date of termination of this Agreement ("Pacira Purchased Patheon Manufacturing Equipment").

(v) As of the Effective Date, the Patheon Manufacturing Equipment includes a [**] filling line. The [**] filling line shall be used [**] to Manufacture the Product during the Term commencing on the date of commercial Manufacture pursuant to the Manufacture and Supply Agreement. Prior to first fill on the [**] pursuant hereto and thereafter, Patheon shall have in place a risk mitigation plan in the event that the [**] is not operational or sufficient to fulfill those Pacira Purchase Orders which Patheon is obliged to accept pursuant to Section 2.3(c) of the Manufacturing and Supply Agreement. Prior to first fill on the [**] pursuant hereto, Patheon shall provide a copy of such risk management plans to Pacira for Pacira's review and approval (which shall not be unreasonably withheld).

(vi) With respect to all Equipment, Patheon shall provide engineering project management and process validation, qualification support, installation and commissioning services, in consideration for the payments set forth in Exhibit 2.1-B. While Pacira shall be responsible for the design and ordering [**], Patheon shall actively participate in the design process and after such Equipment is delivered in the United Kingdom, Patheon shall manage the installation, commissioning and validation activities of such Equipment. Notwithstanding Section (i) above,

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[**] are not considered specific to Pacira's Manufacturing Process and can be designed and ordered by either Party based on mutual agreement.

(vii) During the Term, Pacira shall be responsible for additions and replacement cost of any Pacira Manufacturing Equipment or any Pacira Purchased Patheon Manufacturing Equipment. Once the initial additions/upgrades to the Patheon Manufacturing Equipment have been paid by Pacira, Patheon shall be responsible for any other additions and replacement cost of any Patheon Manufacturing Equipment.

(viii) During the Term, Patheon shall, at its sole cost and expense, subject to this subsection (viii), provide all Maintenance for the Equipment and Facilities. Notwithstanding the foregoing, with respect to the Pacira Manufacturing Equipment and the Pacira Purchased Patheon Manufacturing Equipment, Maintenance does not include the cost of spare parts, Equipment breakdowns caused by any reason outside of Patheon's reasonable control, or specialized maintenance services not within Patheon's technical expertise or that requires specialist equipment, in each case where Patheon is required to utilize a third-party contractor. Patheon's costs associated with such spare parts and third-party contractors will be reimbursed by Pacira as a Bill Back Item. Patheon shall not be liable for ordinary wear and tear of the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment; Patheon shall only be liable for the repair or replacement of any damage caused to such Equipment where such damage arises due to its negligence or willful misconduct. Throughout the Term of this Agreement, Patheon shall maintain casualty insurance on Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment in the amount equal to at least the depreciated value of such Equipment.

(ix) The Parties shall provide their commercially reasonable commercial efforts to minimize the costs of procurement, transportation, installation and commissioning of the Equipment. Patheon shall provide Pacira with quotes and copies of all applicable invoices from vendors, for the costs of procurement, transportation, installation, and commissioning of the Equipment, and in no event such costs shall exceed the amounts indicated in Exhibit 2.1-B by more than [**], unless otherwise agreed by the Parties. In order to obtain, and prior to obtaining, any reimbursement of costs hereunder, Patheon must obtain prior written approval from Pacira and provide Pacira with quotes and invoices, including copies of all applicable invoices from vendor(s), for the supply, transportation, installation, and commissioning of the Equipment.

(x) For changes to the Specifications, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product that are required by Applicable Law (collectively, "Required Manufacturing Changes"), Patheon and Pacira shall cooperate to promptly make such changes within the required timeline.

(xi) For changes to the Specifications, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product that are not Required Manufacturing Changes (collectively, "Discretionary Manufacturing Changes"), Patheon and Pacira must each agree to any Discretionary Manufacturing Changes and shall cooperate in making such changes, and each agrees that it shall not unreasonably withhold or delay its consent to such Discretionary Manufacturing Changes.

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(xii) Notwithstanding the foregoing, all internal and external costs, including, without limitation, costs of obsolete Materials, work-in-process and Product (1) associated with Required Manufacturing Changes shall be borne by [**], and (2) all such costs associated with Discretionary Manufacturing Changes shall be agreed between the Parties; provided that, in each case, all such costs shall be commensurate with costs common in the industry for the types of changes being made.

(xiii) In the event that Pacira changes the Specifications, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product, or consents to any change by Patheon, Patheon shall provide to Pacira any such documentation or other information with respect thereto as they relate to the Transfer Services as Pacira may reasonably request in order to obtain or maintain any Regulatory Approval or comply with GMP or other Applicable Law.

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Exhibit 2.2-A

Base Fees

Patheon will charge the monthly Base Fee per Manufacturing Suite, as set forth below.

[**]

Services included in the scope of the Base Fees and services which may constitute Bill Back Items and Additional Services are further defined in Schedule 2.1(a) of the Manufacturing and Supply Agreement.

The Base Fee stated herein is calculated as at the [**]. The Base Fee will be adjusted on [**] to reflect any increase in the UK RPIJ: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk) during the previous 12 months.

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Exhibit 2.2-B

Payment Schedule for Process and Validation Fees

[**]

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

Exhibit 4.2

Patents

[**]

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

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: July 31, 2014

/s/ David Stack

David Stack

President, Chief Executive Officer and Chairman

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, James Scibetta, 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: July 31, 2014

/s/ James Scibetta

James Scibetta

Senior Vice President and 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 June 30, 2014, 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: July 31, 2014

/s/ David Stack

David Stack

President, 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 June 30, 2014, 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: July 31, 2014

/s/ James Scibetta

James Scibetta

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)