

Pacira Pharmaceuticals, Inc.
Form DEF 14A
April 24, 2012

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

PACIRA PHARMACEUTICALS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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PACIRA PHARMACEUTICALS, INC.

**5 Sylvan Way, Suite 100
Parsippany, New Jersey 07054**

NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS

To be held June 5, 2012

You are cordially invited to attend the 2012 Annual Meeting of Stockholders (the "Annual Meeting") of Pacira Pharmaceuticals, Inc., which is scheduled to be held on Tuesday, June 5, 2012, at 2:00 p.m. Eastern Daylight Time, at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 399 Park Avenue, New York, NY 10022.

Only stockholders who owned common stock at the close of business on April 16, 2012 can vote at the Annual Meeting or any adjournment that may take place. At the Annual Meeting, the stockholders will:

1. Elect two Class I directors of our board of directors to serve until the 2015 annual meeting of stockholders;
2. Approve our Amended and Restated 2011 Stock Incentive Plan;
3. Ratify the appointment of J.H. Cohn LLP as the Company's independent registered public accounting firm for the current fiscal year; and
4. Transact any other business properly brought before the Annual Meeting.

You can find more information, including the nominees for directors, in the attached Proxy Statement.

The board of directors recommends that you vote in favor of each of proposals one, two and three as outlined in the attached Proxy Statement.

We cordially invite all stockholders to attend the Annual Meeting in person. Stockholders of record at the close of business on April 16, 2012, the record date for the Annual Meeting, are entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof. You may obtain directions to the location of the Annual Meeting by calling our offices at 973-254-3560. Whether or not you expect to attend the Annual Meeting in person, please mark, date, sign and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope provided to ensure that your representation and the presence of a quorum at the Annual Meeting. Your vote is important regardless of the number of shares you own. Alternatively, you may vote your shares on the Internet by visiting <http://www.investorvote.com/PCRX> or by telephone by calling 1-800-652-8683 and following the recorded instructions. If you send in your proxy card and then decide to attend the Annual Meeting to vote your shares in person, you may still do so. Your proxy is revocable in accordance with the procedures set forth in the Proxy Statement.

By order of the Board of Directors,

/s/ JAMES SCIBETTA

James Scibetta
Chief Financial Officer and Secretary

Parsippany, NJ
April 24, 2012

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN, DATE AND MAIL PROMPTLY THE ACCOMPANYING PROXY CARD IN THE ENCLOSED RETURN ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. THIS WILL ENSURE THE PRESENCE OF A QUORUM AT THE MEETING. ALTERNATIVELY, YOU MAY VOTE YOUR SHARES ON THE INTERNET OR BY TELEPHONE BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY CARD. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO EVEN IF YOU HAVE PREVIOUSLY SENT IN YOUR PROXY CARD OR VOTED.

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PACIRA PHARMACEUTICALS, INC.

5 Sylvan Way, Suite 100
Parsippany, New Jersey 07054
(973) 254-3560

**PROXY STATEMENT
FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS
to be held on June 5, 2012**

This proxy statement and the enclosed proxy card contain information about the 2012 Annual Meeting of Stockholders of Pacira Pharmaceuticals, Inc. (the "Annual Meeting") to be held on Tuesday, June 5, 2012, at 2:00 p.m. Eastern Daylight Time, at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 399 Park Avenue, New York, NY 10022. The Board of Directors of Pacira Pharmaceuticals, Inc. is using this proxy statement to solicit proxies for use at the Annual Meeting. In this proxy statement, unless expressly stated otherwise or the context otherwise requires, the use of "Pacira," "our," "we" or "us" refers to Pacira Pharmaceuticals, Inc. and its subsidiaries.

All properly submitted proxies will be voted in accordance with the instructions contained in those proxies. If no instructions are specified, the proxies will be voted in accordance with the recommendation of our board of directors with respect to each of the matters set forth in the accompanying Notice of Meeting. You may revoke your proxy at any time before it is exercised at the meeting by giving our Secretary written notice to that effect.

Our Annual Report to Stockholders for the fiscal year ended December 31, 2011 is first being mailed to stockholders with these proxy materials on or about April 30, 2012.

**Important Notice Regarding the Availability of Proxy Materials for
the Annual Meeting of Stockholders to be Held on June 5, 2012:**

**This proxy statement and our 2011 Annual Report to Stockholders are
available for viewing, printing and downloading at <http://www.edocumentview.com/PCRX>.**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as filed with the Securities and Exchange Commission, or SEC, except for exhibits, will be furnished without charge to any stockholder upon written request to Pacira Pharmaceuticals, Inc., 5 Sylvan Way, Suite 100, Parsippany, NJ 07054. This proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 are also available on the SEC's website at www.sec.gov.

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IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Purpose of the Annual Meeting

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

1. To elect two Class I directors of our Board of Directors to serve until the 2015 annual meeting of stockholders;
2. To approve our Amended and Restated 2011 Stock Incentive Plan;
3. To ratify the appointment of J.H. Cohn LLP as the Company's independent registered public accounting firm for the current fiscal year; and
4. To transact any other business properly brought before the Annual Meeting.

As of the date of this proxy statement, we are not aware of any business to come before the meeting other than the first three items noted above.

Availability of Proxy Materials

The proxy materials, including this proxy statement, a proxy card or voting instruction card, and Pacira's 2011 Annual Report, are being mailed to stockholders on or about April 30, 2012. These materials are also available for viewing, printing and downloading on the Internet at <http://www.edocumentview.com/PCRX>.

Who Can Vote at the Annual Meeting

Only stockholders of record at the close of business on the record date of April 16, 2012, are entitled to receive notice of the Annual Meeting and to vote the shares of Pacira common stock that they held on that date. As of April 16, 2012, there were 25,414,231 shares of common stock issued and outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

Difference between a "stockholder of record" and a beneficial owner of shares held in "street name"

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare, then you are considered a "stockholder of record" of those shares. In this case, your set of proxy materials has been sent to you directly by us. You may vote your shares by proxy prior to the Annual Meeting by following the instructions contained on the enclosed proxy card.

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

How to Vote

You can vote your shares in one of two ways: either by proxy or in person at the Annual Meeting. If you chose to vote by proxy, you may

do so by telephone, via the Internet or by mail. Each of these methods is explained below. **If you hold your shares of Pacira common stock in multiple accounts, you should vote your shares as described in each set of proxy materials you receive.**

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By Telephone. You may transmit your proxy voting instructions by calling the telephone number specified on the enclosed proxy card (or voting instruction card). You will need to have the proxy card (or voting instruction card) in hand when you call. If you choose to vote by telephone, you do not have to return the proxy card (or voting instruction card).

Via the Internet. You may transmit your proxy voting instructions via the Internet by accessing the website specified on the enclosed proxy card (or voting instruction card). You will need to have the proxy card (or voting instruction card) in hand when you access the website. If you choose to vote via the Internet, you do not have to return the proxy card (or voting instruction card).

By Mail. You may vote by proxy by completing, signing and dating the enclosed proxy card (or voting instruction card) and returning it in the enclosed prepaid envelope.

In Person at the Annual Meeting. You may vote in person at the Annual Meeting. The Company will give you a ballot when you arrive. If you are the beneficial owner of shares held in "street name" and you wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the organization that holds your shares and present it with your ballot to the inspector of election at the Annual Meeting. Even if you plan to attend the Annual Meeting, we urge you to vote your shares by proxy in advance of the Annual Meeting so that if you should become unable to attend the Annual Meeting your shares will be voted as directed by you.

Telephone and Internet voting for stockholders of record will be available up until 11:59 PM Eastern Daylight Time on June 4, 2012, and mailed proxy cards must be received by June 4, 2012 in order to be counted at the Annual Meeting. If the Annual Meeting is adjourned or postponed, these deadlines may be extended.

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

Ballot Measures Considered "Routine" and "Non-Routine"

The ratification of the appointment of J.H. Cohn LLP as Pacira's independent registered public accounting firm for 2012 (Proposal No. 3) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal No. 3.

The election of directors (Proposal No. 1) and the approval of the Amended and Restated 2011 Stock Incentive Plan (Proposal No. 2) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposal Nos. 1 and 2.

Votes Required to Elect Directors and Approve Proposals

To be elected, directors must receive a plurality of the votes cast (the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee).

The affirmative vote of the majority of the shares of common stock present or represented by proxy and voted "for" or "against" a proposal is required to: approve the Amended and Restated 2011 Stock Incentive Plan (Proposal No 2) and ratify the appointment of J.H. Cohn LLP as Pacira's independent registered public accounting firm (Proposal No. 3).

Abstentions and broker non-votes will not be counted as votes cast on any of the proposals.

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Quorum

A quorum of stockholders is necessary to hold a valid meeting. Our amended and restated bylaws provide that a quorum will exist if stockholders holding a majority of the outstanding shares of common stock are present at the meeting in person or by proxy. Abstentions and broker non-votes count as present for establishing a quorum, provided that the broker has voted on at least the ratification of the appointment of our auditors, but will not be counted as votes cast. A broker non-vote occurs on a matter when a broker is not permitted to vote on that matter without instruction from the beneficial owner of the shares and no instruction is given. If a quorum is not present, the meeting may be adjourned until a quorum is obtained.

Board of Directors Recommendation

Our board of directors recommends that you vote:

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

FOR the approval of the Amended and Restated 2011 Stock Incentive Plan; and

FOR the ratification of the selection of J.H. Cohn LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

Revoking a Proxy; Changing Your Vote

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

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

by voting in person at the meeting; or

by filing a written revocation with our corporate Secretary.

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

Your attendance at the Annual Meeting will not automatically revoke your proxy.

Voting Results

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

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PROPOSAL NO. 1 ELECTION OF CLASS I DIRECTORS

Our board of directors currently consists of eight members, six of whom were elected as directors prior to our initial public offering and two of whom were recommended by non-management members of our board of directors to our nominating and corporate governance committee, which in turn nominated them to our board of directors. These two directors were elected by the board of directors in June of 2011 to fill two vacancies. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

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

Class I: Laura Brege and Luke Evnin, and their term expires at the 2012 Annual Meeting.

Class II: Paul Hastings, John Longenecker and Andreas Wicki, and their term expires at the annual meeting of stockholders to be held in 2013.

Class III: Fred Middleton, Gary Pace and David Stack, and their term expires at the annual meeting of stockholders to be held in 2014.

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

We have no formal policy regarding board diversity. Our priority in selection of board members is identification of members who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business and understanding of the competitive landscape.

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Nominees for Election as Class I Directors

Biographical information as of February 29, 2012, including principal occupation and business experience during the last five years, for our directors who are up for re-election at our 2012 Annual Meeting is set forth below. Unless otherwise stated, the principal occupations of the nominees have been the same for the past five years.

	Age	Director Since
<p>Laura Brege recently retired from her position as executive vice president, corporate affairs for Onyx Pharmaceuticals, Inc. and has served as our director since June 2011. Previously, Ms. Brege held the roles of chief operating officer and executive vice president and chief business officer for Onyx. Prior to joining Onyx in 2006, Ms. Brege was a general partner at Red Rock Capital Management, a venture capital firm, and senior vice president and chief financial officer at COR Therapeutics, Inc. Ms. Brege currently serves as a director of Acadia Pharmaceuticals Inc. (NASDAQ: ACAD). She previously served as a member of the board of directors of Angiotech Pharmaceuticals Inc. from 2007 to 2011. Ms. Brege earned her undergraduate degree from Ohio University and has an M.B.A. from the University of Chicago. We believe Ms. Brege's qualifications to sit on our board of directors include her extensive experience in the pharmaceutical and biotechnology industries, including as a public company director.</p>	54	June 2011

<p>Luke Evin, Ph.D. has served as our director since our inception in December 2006. Dr. Evin has served as a general partner or managing director at MPM Capital since co-founding the firm in 1998. Prior to joining MPM, Dr. Evin was at Accel Partners from 1990 to 1997 serving as general partner from 1994 to 1997. Dr. Evin has served as director of several public companies, including EnteroMedics Inc. (NASDAQ: ETRM), Epix Medical, Inc. (NASDAQ: EPIX), Metabasis Therapeutics, Inc. (NASDAQ: MBRX), Oscient Pharmaceuticals Corporation (NASDAQ: OSCI), Restore Medical, Inc., Otix Global, Inc. (NASDAQ: OTIX), formerly known as Sonic Innovations, Inc. and Signal Pharmaceuticals, Inc. and is currently or has been a director of several private healthcare companies in both the medical device and biopharmaceutical sectors. Dr. Evin earned his Ph.D. in biochemistry from the University of California, San Francisco and his A.B. in molecular biology from Princeton University. We believe Dr. Evin's qualifications to sit on our board of directors include his extensive experience with biopharmaceutical and biotechnology companies, his financial expertise and his years of experience providing strategic advisory services to diverse companies.</p>	48	December 2006
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The proxies will be voted in favor of the nominees unless a contrary specification is made in the proxy. The nominees have consented to serve as directors of Pacira if elected. However, if either or both of the nominees are unable to serve or for good cause will not serve as a director, the persons named in the proxy intend to vote in their discretion for one or more substitutes who will be designated by our board of directors.

Recommendation of the Board of Directors

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

Table of Contents**Directors Continuing in Office**

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

	Age	Director Since
<i>Class II Directors (Term Expires at 2013 Annual Meeting)</i>		
<p><i>Paul Hastings</i> has served as our director since June 2011. Mr. Hastings has been the president and chief executive officer of OncoMed Pharmaceuticals, Inc. since January 2006. Prior to joining OncoMed, Mr. Hastings was president and chief executive officer of QLT, Inc. Before this role, Mr. Hastings served as president and chief executive officer of Axys Pharmaceuticals, Inc., which was acquired by Celera Corporation in 2001. Prior to Axys, Mr. Hastings was president of Chiron Biopharmaceuticals and also held a variety of management positions of increasing responsibility at Genzyme Corporation, including president of Genzyme Therapeutics Europe and president of Worldwide Therapeutics. Mr. Hastings was Chairman of the Board of Proteolix (sold to Onyx) and was a member of the board of directors of ViaCell Inc (sold to Perkin Elmer). Mr. Hastings currently serves as chairman of the board of the Bay Area Biosciences Association (Bay Bio) and is Vice Chair of the Emerging Companies Section of the Biotechnology Industry Organization. He received a Bachelor of Science degree in pharmacy from the University of Rhode Island. We believe Mr. Hastings' qualifications to sit on our board of directors include his financial expertise and his extensive experience in the pharmaceutical and biotechnology industries.</p>	52	June 2011
<p><i>John Longenecker, Ph.D.</i> has served as our director since July 2007. Dr. Longenecker has served as president and chief executive officer of HemaQuest Pharmaceuticals, Inc. since October 2010. From December 2009 to March 2010, Dr. Longenecker served as the president and chief executive officer of VitreoRetinal Technologies Inc. From February 2002 to January 2009, Dr. Longenecker was the president and chief executive officer and a member of the board of directors of Favrilite, Inc. In 1992, Dr. Longenecker joined DepoTech as senior vice president of research, development and operations and then served as president and chief operating officer from February 1998 to March 1999. Under Dr. Longenecker's leadership, DepoTech took its lead product, DepoCyt(e), from early pre-clinical research and development through to commercial launch. Following SkyePharma PLC's acquisition of DepoTech in 1999, Dr. Longenecker served as president for the U.S. operations of SkyePharma, Inc. and as a member of the executive committee for SkyePharma PLC. From 1982 to 1992, Dr. Longenecker was at Scios Inc. (Cal Bio), a biotechnology company where he served as vice-president and director of development. Dr. Longenecker was also a director of a number of Cal Bio subsidiaries during this period including Meta Bio and Karo Bio. Dr. Longenecker holds a B.S. in chemistry from Purdue University and a Ph.D. in biochemistry from The Australian National University. He was a post doctoral fellow at Stanford University from 1980 to 1982. Dr. Longenecker's experience as the chief executive officer of a public company, demonstrates his leadership capability and extensive knowledge of complex financial and operational issues that public companies face and a thorough understanding of our business and industry and business acumen to our board of directors. We believe Dr. Longenecker's extensive experience in the pharmaceutical and biotechnology industries provides valuable background and insight to our board of directors.</p>	64	July 2007

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	Age	Director Since
<p>Andreas Wicki, Ph.D. has served as our director since our inception in December 2006. Dr. Wicki is a life sciences entrepreneur and investor with over 16 years of experience in the pharmaceutical and biotechnology industries. Dr. Wicki has been chief executive officer of HBM Partners AG and HBM BioVentures AG since 2001. From 1998 to 2001, Dr. Wicki was the senior vice president of the European Analytical Operations at MDS Inc. From 1990 to 1998, he was co-owner and chief executive officer of ANAWA Laboratorien AG and Clinserve AG, two life sciences contract research companies. Dr. Wicki holds an M.Sc. and Ph.D. in chemistry and biochemistry from the University of Bern, Switzerland. He currently serves on the board of directors of Buchler GmbH, HBM BioPharma India Ltd., HBM BioVentures (Cayman) Ltd., HBM Partners AG, and HBM BioCapital Ltd. We believe Dr. Wicki's qualifications to sit on our board of directors include his extensive experience with pharmaceutical companies, his financial expertise and his years of experience providing strategic and advisory services to pharmaceutical and biotechnology organizations.</p>	53	December 2006

Class III Directors (Term Expires at 2014 Annual Meeting)

<p>Fred Middleton has served as our director since our inception in December 2006. Since 1987, he has been a general partner/managing director of Sanderling Ventures, a firm specializing in biomedical venture capital. From 1984 through 1986, he was the managing general partner of Morgan Stanley Ventures, an affiliate of Morgan Stanley & Co. Earlier in his career, Mr. Middleton was part of the founding management team at Genentech, Inc., a biotechnology company, serving there from 1978 through 1984 as vice president of finance and corporate development, and chief financial officer. During the last 30 years, he has participated in active management roles and as an investor and director in over 20 start-up biomedical companies. He currently serves as chairman of the board of Stereotaxis, Inc. (NASDAQ: STXS), a medical device company that markets magnetically guided robotic surgery systems in cardiology. He also currently serves as a board member of Cardionet, Inc. (NASDAQ: BEAT), a company that markets devices and services for wireless 24/7 real time monitoring of patients. He also serves as a director of seven other privately-held biomedical companies, engaged in the development of therapeutic and diagnostic products in healthcare. Mr. Middleton received a B.S. degree in chemistry from the Massachusetts Institute of Technology and an M.B.A. from Harvard Business School. We believe Mr. Middleton's qualifications to sit on our board of directors include his extensive experience with biopharmaceutical and biotechnology companies, his financial expertise and his years of experience providing strategic advisory services to diverse companies.</p>	62	December 2006
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	Age	Director Since
<p>Gary Pace, Ph.D. has served as our director since June 2008. He is currently founder and chairman of the privately held Sova Pharmaceuticals Inc., founded in 2010. He is also founder, director and consultant to QRxPharma Ltd. (ASX:QRX) founded in 2001, a director of ResMed (NYSE:RMD) since 1994 and Transition Therapeutics Inc. (CDNX:TTH) since 2002. He previously served as a member of the board of directors at Celsion Corporation (NASDAQ: CLSN) from 2002 to 2010 and Peplin Inc. (ASX: PLI) from 2004 to 2009. From 2002 to 2007, Dr. Pace was founder, chairman and chief executive officer of QRxPharma Ltd. and from 1995 to 2001, he was president and chief executive officer of RTP Pharma and from 2000 to 2002, Dr. Pace was chairman and chief executive officer of Waratah Pharmaceuticals Inc., a spin-off company from RTP Pharma. From 1993 to 1994, he was the founding president and chief executive officer of Transcend Therapeutics Inc. (formerly Free Radical Sciences Inc.), a biopharmaceutical company. From 1989 to 1993, he was senior vice president of Clintec International, Inc., a Baxter/Nestle joint venture and manufacturer of clinical nutritional products. Dr. Pace holds a B.S. with honors from the University of New South Wales and a Ph.D. from Massachusetts Institute of Technology. We believe Dr. Pace's qualifications to sit on our board of directors include his financial expertise and his years of experience providing strategic advisory services to complex organizations, including as a public company director.</p>	64	June 2008
<p>David Stack has served as our president and chief executive officer and as a director since November 2007. Mr. Stack has been a managing director of MPM Capital since 2005 and a managing partner of Stack Pharmaceuticals, Inc. since 1998. From 2001 to 2004, he was president and chief executive officer of The Medicines Company (NASDAQ: MDCO). Previously, Mr. Stack was president and general manager at Innovex, Inc. He was vice president, business development/marketing at Immunomedics from 1993 until 1995. Prior to that, he was with Roche Laboratories in positions of increasing responsibility from 1981 until 1993, including therapeutic world leader in infectious disease and director, business development and planning, infectious disease, oncology, and virology. He currently serves as a member of the board of directors of PepTx, Inc. He was a member of the boards of directors of Molecular Insight Pharmaceuticals, Inc. (NASDAQ: MIPI) from 2006 to 2010 and BioClinica, Inc. (NASDAQ: BIOC) from 1999 to 2010. Mr. Stack holds a B.S. in pharmacy from Albany College of Pharmacy and a B.S. in Biology from Siena College. We believe Mr. Stack's qualifications to sit on our board of directors include his extensive experience with pharmaceutical companies, his financial expertise and his years of experience providing strategic and financial advisory services to pharmaceutical and biotechnology organizations, including evaluating business plans involving clinical trials.</p>	60	November 2007
<p>There are no family relationships between or among any of our officers or directors.</p>		

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PROPOSAL NO. 2 APPROVAL OF THE AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN

Our 2011 stock incentive plan, or the 2011 plan, was adopted by our board of directors and approved by our stockholders in December 2010.

The 2011 plan provides for the grant of incentive stock options, nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and other stock-based awards. At the time our 2011 plan was approved by our stockholders, the number of shares of our common stock that was authorized for issuance under the 2011 plan was (A)(i) the number of shares of our common stock reserved for issuance under our Second Amended and Restated 2007 Stock Option Stock Issuance Plan, or the 2007 plan, that remained available for grant under the 2007 plan immediately prior to the closing of our initial public offering plus (ii) the number of shares of our common stock subject to awards granted under the 2007 plan which expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right, up to a maximum of 3,804,537 shares plus (B) an annual increase to be added on the first day of each calendar year ending December 31, 2012, 2013, 2014 and 2015 equal to the lesser of (i) 557,880 shares of our common stock, (ii) 3% of the outstanding shares on such date or (iii) an amount determined by our board of directors.

Our 2007 plan terminated and our 2011 plan became effective upon the closing of our initial public offering in February 2011. At the time our 2011 plan became effective, 363,662 shares remained available for grant under our 2007 plan. As such, the number of shares of our common stock that was authorized for issuance under the 2011 plan at the time the 2011 plan became effective was the sum of (A)(i) 363,662 shares of common stock plus (ii) the number of shares of our common stock subject to awards granted under the 2007 plan which expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right, up to a maximum of 2,546,657 shares plus (B) an annual increase to be added on the first day of each calendar year ending December 31, 2012, 2013, 2014 and 2015 equal to the lesser of (i) 557,880 shares of common stock, (ii) 3% of the outstanding shares on such date or (iii) an amount determined by our board of directors (which we refer to as the evergreen provision).

As of April 19, 2012, our 2011 plan authorizes us to issue awards for up to an aggregate total of 3,104,537 shares of common stock, which is 9% of our fully diluted shares outstanding (assuming the exercise of all outstanding equity awards and warrants to purchase our common stock). Of these authorized shares, 2,674,166 have already been granted and are subject to outstanding awards and only 430,371 shares remain available to be granted. Some of these awards that are outstanding were originally granted under our 2007 plan, although we cannot grant additional awards under our 2007 plan. If any of the outstanding awards originally granted under our 2007 plan expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right, such unissued shares will become available for grant under our 2011 plan.

Our board of directors believes that the number of shares of common stock currently available under the 2011 plan is insufficient to meet our future equity needs. We believe that our future success depends, in large part, upon our ability to maintain a competitive position in attracting, retaining and motivating key personnel. Stock-based equity incentives are an important component of our compensation philosophy, intended to provide equity ownership opportunities and performance-based incentives to better align the recipient's interests with those of our stockholders. In 2012 we intend to hire a vice president of human resources, a chief compliance officer and several other key positions to support the manufacturing and commercialization of EXPAREL. In addition, in early 2013, we plan to hire as Pacira employees the sales force that we currently lease from Quintiles and incentivize them

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with stock options. We are also considering the use of stock options as a component of bonuses for our employees.

Accordingly, on April 20, 2012, our board of directors adopted, subject to stockholder approval, an amendment to, and restatement of, our 2011 plan, which we refer to as the A&R 2011 plan, to, among other things: (i) increase the number of shares of common stock authorized for issuance under our 2011 plan by 2,100,000, (ii) remove our evergreen provision and (iii) require stockholder approval prior to any repricing.

If the amended and restated plan is approved, an aggregate total of 5,204,537 shares of common stock will be authorized for issuance under the plan, representing 15% of our fully diluted shares outstanding (assuming the exercise of all outstanding equity awards and warrants to purchase our common stock). This represents an overall increase of the shares authorized for issuance under the 2011 plan of 2.1 million shares.

Pursuant to the A&R 2011 plan, the number of shares of our common stock authorized for issuance under the A&R 2011 plan is the sum of (i) 3,092,347 shares of common stock plus (ii) the number of shares of our common stock (up to 2,112,190 shares) subject to awards granted under the 2007 plan which expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right. Shares issuable under the A&R 2011 plan will in no event exceed the aggregate of clauses (i) and (ii) in the preceding sentence, which is an aggregate maximum of 5,204,537 shares.

If our stockholders do not approve the A&R 2011 plan at the Annual Meeting, the A&R 2011 plan will not be effective, and the number of shares available under the plan, the evergreen provision and the repricing provisions will remain as they currently exist under the 2011 plan. Our board of directors believes that the A&R 2011 plan will further our compensation strategy and is vital to our ability to attract, retain and motivate top quality employees, directors and consultants.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS VOTING "**FOR**" PROPOSAL NO. 2 TO APPROVE THE A&R 2011 PLAN.

Description of the A&R 2011 Plan

The following is a brief description of the A&R 2011 plan. A copy of our A&R 2011 plan is attached as *Appendix A* to this proxy statement.

Number of Shares Available for Awards

The number of shares of our common stock authorized for issuance under the A&R 2011 plan is the sum of (i) 3,092,347 shares of our common stock plus (ii) the number of shares of our common stock (up to 2,112,190 shares) subject to awards granted under the 2007 plan which expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right. Shares issuable under the A&R 2011 plan will in no event exceed the aggregate of clauses (i) and (ii) in the preceding sentence, which is an aggregate maximum of 5,204,537 shares.

These numbers are subject to adjustment as described below in the event of stock splits, reverse stock splits, stock dividends, recapitalizations, share combinations or reclassifications, spin-offs and other similar events. Shares issued under the A&R 2011 plan may be authorized and unissued shares, or may be issued from treasury shares. Shares covered by awards (other than shares covered by Tandem SARs, as defined below) under the A&R 2011 plan that are terminated, surrendered, forfeited, cancelled or otherwise expire without having been exercised or settled, or that are settled by cash or

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other non-share consideration, become available for issuance pursuant to a new award and will be credited back to the pool. Shares that are tendered or withheld to pay the exercise price of an award or to satisfy tax withholding obligations are not available for issuance pursuant to new awards. Shares are subtracted for exercises of SARs using the proportion of the total SAR that is exercised, rather than the number of shares actually issued. Any SARs that may be settled only in cash will not be counted against the shares available under the A&R 2011 plan. If we grant a SAR in tandem with an option for the same number of shares of common stock and provide that only one such award may be exercised, which we refer to as a Tandem SAR, only the shares covered by the option and not the Tandem SAR will be counted and the expiration of one in connection with the other's exercise will not restore shares to the A&R 2011 plan.

Types of Awards

The A&R 2011 plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Code, nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock-based awards, which we refer to collectively as awards.

Incentive Stock Options and Nonstatutory Stock Options. An option is an award entitling the recipient to purchase a specified number of shares of our common stock at a specified price, which we refer to as the exercise price, and subject to such other terms and conditions as are specified in connection with the option grant. Options may not be granted at an exercise price which is less than the fair market value of our common stock on the date of grant as determined by (or in a manner approved by) our board of directors (or less than 110% of the fair market value in the case of incentive stock options granted to recipients holding more than 10% of the voting power of our company), provided that if our board approves the grant of an option with an exercise price to be determined on a future date, the exercise price shall be not less than 100% of the fair market value on such future date. Options may not be granted for a term in excess of ten years (or, in excess of five years in the case of incentive stock options granted to recipients holding more than 10% of the outstanding voting power of the company). The A&R 2011 plan permits the following forms of payment of the exercise price of options: (i) payment by cash, check or in connection with a "cashless exercise" through a broker, (ii) subject to certain conditions, delivery of shares of our common stock to us, (iii) a "net exercise" with respect to nonstatutory stock option grants, (iv) any other lawful means, or (v) any combination of these forms of payment.

Stock Appreciation Rights. A stock appreciation right, or SAR, is an award entitling the recipient, upon exercise, to receive an amount of our common stock, cash or a combination thereof (such form to be determined by our board of directors) determined by reference to appreciation, from and after the date of grant, in the fair market value of a share of our common stock over the measurement price of the SAR. The measurement price may not be less than 100% of the fair market value on the date the SAR is granted; provided that if our board approves the grant of a SAR effective as of a future date, the measurement price may not be less than 100% of the fair market value on such future date. SARs may be granted independently or in tandem with an option. SARs may not be granted with a term in excess of 10 years.

Restricted Stock. An award of restricted stock is an award entitling the recipient to acquire shares of our common stock, subject to our right to repurchase all or part of such shares at the issue price or other stated formula (or to require forfeiture if issued at no cost) in the event that the conditions specified in the applicable award are not satisfied prior to the end of the applicable restriction period established for such award. Unless otherwise provided in the applicable restricted stock agreement, any dividends declared and paid by us with respect to shares of restricted stock will be paid only if and when such shares become free from restrictions on transferability and forfeitability.

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Restricted Stock Units. A restricted stock unit is an award entitling the recipient to receive shares of our common stock or cash to be delivered at the time such award vests pursuant to the terms and conditions established by our board. The award agreement for restricted stock units may provide the recipient with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of common stock, which we refer to as dividend equivalents. Dividend equivalents may be (i) paid currently or credited to an account for the recipient or (ii) settled in cash and/or shares of our common stock, and may be subject to the same restrictions on transfer and forfeitability as the restricted stock units with respect to which they were paid. A recipient will have no voting rights with respect to any restricted stock units unless and until shares of our common stock are issued.

Other Stock-Based Awards. Under the A&R 2011 plan, our board has the right to grant other awards valued in whole or in part by reference to or otherwise based upon our common stock having such terms and conditions as our board may determine. Other stock-based awards may be available as a form of payment in the settlement of other awards granted under the A&R 2011 plan, or as payment in lieu of compensation to which a recipient is otherwise entitled and may be paid in shares of our common stock or cash, as our board of directors determines.

Transferability of Awards

Awards may not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an incentive stock option and awards that are subject to Section 409A of the Internal Revenue Code of 1986, as amended, or the Code, pursuant to a qualified domestic relations order. During the life of the recipient, awards are exercisable only by the recipient.

Except with respect to awards that are subject to Section 409A of the Code, our board of directors may permit or provide in an award for the gratuitous transfer of the award by the recipient to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the recipient and/or an immediate family member of the recipient if we would be eligible to use a Form S-8 under the Securities Act of 1933, as amended, or the Securities Act, for the registration of the sale of the common stock subject to such award to the proposed transferee. We will not be required to recognize any such permitted transfer until such time as the permitted transferee, as a condition to the transfer, delivers to us a written instrument in form and substance satisfactory to us confirming that the transferee will be bound by all of the terms and conditions of the award.

Eligibility to Receive Awards

Our employees, officers, directors, consultants and advisors are eligible to receive awards under our A&R 2011 plan; however, incentive stock options may only be granted to our employees.

The maximum number of shares of our common stock with respect to which awards may be granted to any recipient under the A&R 2011 plan may not exceed 650,860 shares per calendar year. For purposes of this limit, a Tandem SAR is treated as a single award.

Plan Benefits

As of March 31, 2012, approximately 200 persons were eligible to receive awards under our 2011 plan, including our six executive officers and seven non-employee directors. The granting of awards under the A&R 2011 plan is discretionary, and we cannot now determine the number or type of awards to be granted in the future to any particular person or group.

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The following table sets forth, as of March 31, 2012, the awards made under the 2011 plan since its adoption to the individuals indicated below:

	Option Awards
Named executive officers	
David Stack	0
James Scibetta	0
Gary Patou, M.D.	0
All current executive officers as a group	70,000
All current directors who are not executive officers as a group	71,384
Each nominee for election as a director	
Laura Brege	15,000
Luke Evnin	15,692
Each associate of any of such directors, executive officers or nominees	0
Each person who received 5% of such awards	
Lauren Riker	40,000
Darren Pincus	35,000
John Pratt	30,000
Kristen Williams	25,000
Richard Scranton	25,000
All employees, including all current officers who are not executive officers, as a group	364,700

On April 16, 2012, the last reported sale price of our common stock at the close of business on the Nasdaq Global Market was \$9.75.

Administration

The A&R 2011 plan is administered by our board. Our board has the authority to grant awards and adopt, amend and repeal the administrative rules, guidelines and practices relating to the A&R 2011 plan and to interpret the provisions of the A&R 2011 plan and any award agreements entered into under the A&R 2011 plan. Pursuant to the terms of the A&R 2011 plan, our board may delegate authority under the A&R 2011 plan to one or more committees or subcommittees of the board and may delegate the power to grant certain awards and such other authority under the A&R 2011 plan as the board may determine to one or more of our officers. Our board has authorized our compensation committee to administer certain aspects of the A&R 2011 plan, including the granting of options to executive officers, and has authorized a committee of the board, consisting of our chief executive officer, to grant options to non-executive employees, subject to limitations set by the compensation committee.

Subject to any applicable limitations contained in the A&R 2011 plan, our compensation committee selects the recipients of awards and determines:

the number of shares of our common stock covered by options and the dates upon which the options become exercisable;

the exercise price of options (which may not be less than 100% or 110%, as applicable, of the fair market value of our common stock);

the duration of the options (which may not exceed 5 or 10 years, as applicable); and

the number of shares of our common stock subject to any SAR, award of restricted stock, restricted stock unit or other stock-based award and the terms and conditions of such awards, including conditions for repurchase, issue price, measurement price, repurchase price and vesting.