

ELECTRIC BOAT CORP  
Form 424B5  
November 01, 2012  
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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-178406

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion, dated November 1, 2012**

**Prospectus Supplement**

(To Prospectus dated December 9, 2011)

\$ % Notes due 2017  
\$ % Notes due 2022  
\$ % Notes due 2042

Interest payable and

We are offering \$ aggregate principal amount of % notes due 2017 (the 2017 notes ), \$ aggregate principal amount of % notes due 2022 (the 2022 notes ) and \$ aggregate principal amount of % notes due 2042 (the 2042 notes, and together with the 2017 notes and the 2022 notes, the notes ).

We will pay interest on the notes on and of each year, beginning , 2013. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 above that amount. We may redeem the notes, in whole or in part, at any time prior to their maturity at the applicable redemption prices described in this prospectus supplement.

The notes will be unsecured and will rank equally with all our other existing and future unsecured indebtedness and senior in right of payment to all of our other existing and future subordinated indebtedness. Our obligations under the notes will be fully and unconditionally guaranteed by certain of our subsidiaries in accordance with the terms of the indenture under which the notes will be issued. The guarantees will rank equally in right of payment with each other and all other existing and future senior unsecured indebtedness of such guarantors.

The notes are new issues of securities with no established trading market. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system.

See Risk factors beginning on page S-3 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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	Per 2017 Note	Total	Per 2022 Note	Total	Per 2042 Note	Total
Price to Public (1)	%	\$	%	\$	%	\$
Underwriting Discounts	%	\$	%	\$	%	\$
Proceeds, Before Expenses, to us (1)	%	\$	%	\$	%	\$

(1) Plus accrued interest from \_\_\_\_\_, 2012, if settlement occurs after that date.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company and its participants, including Euroclear Bank S.A., N.V. and Clearstream Banking, société anonyme, on or about \_\_\_\_\_, 2012.

*Joint Book-Running Managers*

**BofA Merrill Lynch**  
November \_\_\_\_\_, 2012

**J.P. Morgan**

**RBS**

**Wells Fargo Securities**

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**You should read this prospectus supplement, the accompanying prospectus and any related free writing prospectus prepared by or on behalf of us or to which we have referred you carefully before you invest in the notes. These documents contain or incorporate by reference important information you should consider before making your investment decision. This prospectus supplement contains specific information about the notes being offered and the accompanying prospectus contains a general description of the notes. This prospectus supplement may add, update or change information in the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus, as well as the information incorporated by reference, is accurate as of any date other than the date on the front cover of those documents. Our business, financial condition, results of operations and prospects may have changed since those respective dates.**

This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or the solicitation of an offer to buy, any securities other than the registered securities to which they relate, nor do this prospectus supplement and the accompanying prospectus constitute an offer to sell or a solicitation of an offer to buy these securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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References to we, us, our or the Company are to General Dynamics Corporation, unless we expressly indicate otherwise. Reference to General Dynamics means General Dynamics Corporation, together with our consolidated subsidiaries, including the Guarantors. Guarantors means, initially, American Overseas Marine Company, LLC, Bath Iron Works Corporation, Electric Boat Corporation, General Dynamics Armament and Technical Products, Inc., General Dynamics Government Systems Corporation, General Dynamics Land Systems Inc., General Dynamics Ordnance and Tactical Systems, Inc., Gulfstream Aerospace Corporation, and National Steel and Shipbuilding Company.

References to dollars or \$ in this prospectus supplement and the accompanying prospectus are to U.S. dollars.

## **Where You Can Find More Information**

We file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the SEC). You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information regarding registrants that file electronically, including General Dynamics Corporation. Except as expressly set forth in the paragraph below, we are not incorporating the contents of the SEC website into this prospectus supplement.

The SEC allows us to incorporate by reference into this prospectus supplement the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference into this prospectus supplement the documents listed below that we have filed with the SEC (File No. 1-3671) and any future filings made with the SEC by us under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, until we sell all of the securities (other than filings or portions of filings that are furnished under applicable SEC rules rather than filed):

Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed on February 17, 2012;

Quarterly Report on Form 10-Q for the fiscal quarters ended April 1, 2012, July 1, 2012, and September 30, 2012, filed on May 1, 2012, August 1, 2012 and October 30, 2012, respectively; and

Current Reports on Form 8-K filed on March 8, 2012, March 13, 2012, May 3, 2012 and June 6, 2012.

You may request a copy of these filings at no cost, by writing or telephoning the office of:

General Dynamics Corporation

2941 Fairview Park Drive, Suite 100

Falls Church, Virginia 22042-4513

Attention: Corporate Secretary

Telephone: (703) 876-3000

You may also find additional information about us, including the documents mentioned above, on our website at [www.generaldynamics.com](http://www.generaldynamics.com). The information included on or linked to this website or any website referred to in any document incorporated by reference into this prospectus supplement is not a part of this prospectus supplement or the accompanying prospectus.

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**Risk Factors**

*In addition to the information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus, you should carefully consider the risk factors identified below in evaluating an investment in the notes.*

**Risks Relating to Our Business**

You should carefully consider the following risks, which are discussed under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011, as supplemented by revisions contained in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012:

our dependence on the U.S. government for a significant portion of our revenues and potential changes to future defense spending as a result of the Budget Control Act of 2011 or other actions taken by Congress to reduce the deficit;

the fact that U.S. government contracts are not always fully funded at inception and are subject to termination;

the fact that, as a government contractor, we are subject to audit by the U.S. government;

the fact that our Aerospace group is subject to changing customer demand for business aircraft;

the dependence of our earnings and margins on our ability to perform under our contracts;

the dependence of our earnings and margins in part on subcontractor and vendor performance;

the fact that international sales and operations are subject to greater risks that sometimes are associated with doing business in foreign countries;

the dependence of our future success, in part, on our ability to develop new products and technologies and maintain a qualified workforce to meet the needs of our customers;

the fact that we have made and expect to continue to make investments, including acquisitions and joint ventures, that involve risks and uncertainties; and

the fact that our business could be negatively impacted by cyber security events and other disruptions.

**Risks Relating to the Notes**

Because we are a holding company, we depend on the ability of our subsidiaries to generate cash, in the form of intercompany credits, loans, dividends or otherwise, to meet our debt service obligations, including our obligations under the notes, and for other general corporate purposes. Intercompany credits, dividends, loans or other distributions to us from our subsidiaries may be subject to future contractual or other restrictions, and will depend upon the results of operations of those subsidiaries and may be subject to other business considerations. Although the notes are guaranteed by the Guarantors, if such guarantees were voided or held to be unenforceable, the Guarantors would have no obligation to pay any

amounts due on the notes or to make any funds available.

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## **General Dynamics Corporation**

General Dynamics is an aerospace and defense company that offers a broad portfolio of products and services in business aviation; combat vehicles, weapons systems and munitions; military and commercial shipbuilding; and communications and information technology.

General Dynamics operates through four business groups Aerospace, Combat Systems, Marine Systems and Information Systems and Technology.

### **Aerospace**

Our Aerospace group designs, manufactures and outfits a comprehensive family of large- and mid-cabin Gulfstream business-jet aircraft, provides aircraft services (including maintenance and repair work, fixed-based operations (FBO) and aircraft management services) and performs aircraft completions for aircraft produced by other original equipment manufacturers (OEMs). With more than 50 years of experience at the forefront of the business-jet aviation market, the Aerospace group is known for:

- superior aircraft design, quality, performance, safety and reliability;
- technologically advanced cockpit and cabin systems; and
- industry-leading product service and support.

### **Combat Systems**

Our Combat Systems group is a global leader in the design, development, production, support and enhancement of tracked and wheeled military vehicles, weapons systems and munitions for the United States and its allies. The group's product lines include:

- wheeled combat and tactical vehicles;
- main battle tanks and tracked infantry vehicles;
- munitions and propellant;
- rockets and gun systems;
- drivetrain components and aftermarket parts; and
- support and sustainment services.

### **Marine Systems**

Our Marine Systems group designs, builds and supports submarines and surface ships. The group is one of two primary shipbuilders for the U.S. Navy. The group's diverse portfolio of platforms and capabilities includes:

- nuclear-powered submarines (Virginia Class);
- surface combatants (DDG-51 and DDG-1000);
- auxiliary and combat-logistics ships (T-AKE and MLP);
- commercial ships (Jones Act ships);
- design and engineering support (Ohio class submarine replacement); and
- overhaul, repair and lifecycle support services.

### **Information Systems and Technology**

Our Information Systems and Technology group provides critical technologies, products and services that support a wide range of government and commercial communication and information-sharing needs. The group consists of a three-part portfolio centered on tactical communication systems, information technology and related services and intelligence, surveillance and reconnaissance systems.





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*Tactical communication systems* The group designs, manufactures and delivers secure communications systems, command-and-control systems and operational hardware to customers within the U.S. Department of Defense, the intelligence community and federal civilian agencies, and to international customers. Our leadership in this market results from decades of domain expertise with legacy systems, incumbency on today's programs and continuous innovation that encompasses key technologies at the center of our customers' missions. The group's solutions include:

information assurance and encryption technologies, products, systems and services that ensure the security and integrity of digital communications worldwide;  
battlespace command-and-control systems;  
digital switching, broadband networking and automated network management; and  
fixed and mobile radio and satellite communications systems and antenna technologies.

*Information technology services* The group provides mission-critical information technology (IT) and highly specialized mission-support services to the U.S. defense and intelligence communities, the Departments of Homeland Security, Health and Human Services and other federal civilian agencies, and commercial and international customers. The group specializes in:

mission-operations simulation and training systems and services;  
large-scale data center consolidation and modernization;  
health information technology solutions and services; and  
secure wireless and wire-line networks and enterprise infrastructure.

*Intelligence, surveillance and reconnaissance systems* The group also provides mission-related systems development, integration and operations support to customers in the U.S. defense, intelligence and homeland security communities, and to U.S. allies. These offerings include:

cyber security services and products;  
open-architecture mission systems;  
signals and information collection, processing and distribution systems;  
imagery solutions, sensors and cameras; and  
special-purpose computing.

**Table of Contents****Use of Proceeds**

The estimated net proceeds of the offering of the notes, after deducting underwriting discounts and our expenses, are expected to be \$ . We anticipate using the net proceeds of the offering, together with cash on hand, if necessary, to redeem \$1.0 billion principal amount of our 4.250% Notes due 2013 (the 2013 Notes ), \$1.0 billion principal amount of our 5.25% Notes due 2014 (the 2014 Notes ) and \$400 million principal amount of our 5.375% Notes due 2015 (the 2015 Notes ) and for general corporate purposes.

Certain of the underwriters or their affiliates may hold positions in the 2013 Notes, the 2014 Notes and/or the 2015 Notes and, accordingly, may receive a portion of the net proceeds of this offering. See Underwriting .

**Consolidated Ratio of Earnings to Fixed Charges**

The following table shows our ratio of earnings to fixed charges for each of the periods indicated:

	Year ended December 31,					Nine months ended
	2007	2008	2009	2010	2011	September 30, 2012
Ratio of earnings to fixed charges	15.8	18.1	14.6	15.9	15.9	14.4

For the purpose of computing the ratio of earnings to fixed charges, earnings consist of pre-tax income from continuing operations, adjusted to add back fixed charges. Fixed charges consist of pre-tax interest on all indebtedness and an estimate of interest within rental expense.

**Table of Contents****Capitalization**

The following table sets forth the unaudited consolidated capitalization of General Dynamics (a) at September 30, 2012 on a historical basis and (b) at September 30, 2012 as adjusted to give effect to the offering of the notes and the assumed use of the net proceeds therefrom together with cash on hand to pay the estimated redemption price with respect to our planned redemption of \$1.0 billion principal amount of our 4.250% Notes due 2013, \$1.0 billion principal amount of our 5.25% Notes due 2014 and \$400 million principal amount of our 5.375% Notes due 2015. You should read this table in conjunction with financial data contained elsewhere in this prospectus supplement and the consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the nine-month period ended September 30, 2012, which are incorporated by reference into this prospectus supplement.

(Dollars in millions)	September 30, 2012	
	Actual	As adjusted
Cash and cash equivalents	\$ 2,874	\$
Debt		
Short-term debt and current portion of long-term debt	\$ 1,001	\$
Long-term debt	\$ 2,924	\$
2017 Notes offered hereby	\$	\$
2022 Notes offered hereby	\$	\$
2042 Notes offered hereby	\$	\$
Total long-term debt	\$ 2,924	\$
Total debt	\$ 3,925	\$
Shareholders' equity		
Common stock, including surplus	\$ 2,453	\$
Retained earnings	\$ 20,170	\$
Treasury stock	\$ (6,194)	\$
Accumulated other comprehensive income	\$ (2,157)	\$
Total shareholders' equity	\$ 14,272	\$
Total capitalization	\$ 18,197	\$

Table of Contents**Selected Financial Data**

The following table presents selected historical consolidated financial data derived from the consolidated financial statements and related notes thereto of General Dynamics for each of the periods presented. The following data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the nine-month period ended September 30, 2012, which are incorporated by reference into this prospectus supplement. Results presented for the nine-month periods ended October 2, 2011 and September 30, 2012 are unaudited and are not necessarily indicative of full-year results.

**2007**

\$ 27,240	\$
24,127	
(70)	
967	
2,080	
(8)	
2,072	
	5.14
	5.12

Dr. Froimson has served as a director since June 2017. Dr. Froimson is currently a Principal at Riverside Health Advisors, a consulting company that provides strategic advice and services to health care executive leaders. Dr. Froimson served as the President of the American Association of Hip and Knee Surgeons from March 2017 to March 2018. Previously, he was the Executive Vice President and Chief Clinical Officer of Trinity Health, a major national Catholic healthcare system comprising 93 hospitals in 22 states. Prior to his executive leadership position at Trinity Health, Dr. Froimson was the President and Chief Executive Officer of Euclid Hospital, a Cleveland Clinic Hospital. Dr. Froimson served as a staff surgeon in the Department of Orthopedic Surgery at the Cleveland Clinic for over 16 years, during which time he held a variety of leadership positions, including President of the Cleveland Clinic Orthopedic staff, Vice Chair of the Orthopedic and Rheumatologic Institute, and member of the board of governors and board of trustees. Dr. Froimson received a B.S. in philosophy from Princeton University, an M.D. from Tulane University School of Medicine and an MBA from the Weatherhead School of Management at Case Western Reserve University.

Dr. Froimson's qualifications to sit on our board include his clinical expertise and executive experience in the medical field.

Dr. Kronenfeld has served as a director since June 2013. Dr. Kronenfeld has been the Vice Chairman of Anesthesiology at Maimonides Medical Center, a tertiary care academic medical center in New York City, since March 2009, and has served as Medical Director of Perioperative Services for Maimonides Medical Center since January 2011. Dr. Kronenfeld is a Managing Partner of Anesthesia Associates of Boro Park, a private medical practice, and a Managing Partner of Strategic Medical Management Partners. In 2001, Dr. Kronenfeld founded Ridgemark Capital Management ("Ridgemark"), a multi-focused hedge fund that invested in public and private healthcare and biomedical companies. He served as the Managing Partner and Portfolio Manager of Ridgemark from April 2001 to December 2008. Dr. Kronenfeld has founded and/or managed various consulting and investment companies focused on healthcare and medical technologies and has served on and chaired multiple leadership committees for various hospitals and medical centers. Additionally, Dr. Kronenfeld taught and practiced adult and pediatric cardiac anesthesia at New York University ("NYU") and was Chief of Cardiac Anesthesiology at Hackensack University Medical Center and President of GMS Anesthesia Associates, a private medical practice. Dr. Kronenfeld received a Ph.D. in Biology from SUNY Buffalo, his M.D. degree and completed his residency in Anesthesiology at the University of California, San Diego School of Medicine, and completed a fellowship in Cardiothoracic Anesthesiology at New York University Medical Center. While an Assistant Professor and Senior Lecturer in Cardiac Anesthesiology at NYU, Dr. Kronenfeld received and completed a Kellogg-sponsored Fellowship in Health Care Management for Future Leaders.

in Health Care at NYU's Graduate School of Management.

ve Dr. Kronenfeld's qualifications to sit on our board include his significant leadership experience in the hospital setting and experience in  
ng clinical trials.

executive officers of the Company as of April 22, 2019.

Age	Position(s)
68	Chief Executive Officer and Chairman
58	Chief Financial Officer
53	Chief Commercial Officer
52	Chief Medical Officer
45	Chief Administrative Officer and Secretary
58	Chief Clinical Officer
53	Chief Technical Officer

Directors Continuing in Office" above for information regarding David Stack.

Chief Financial Officer since May 2016. Prior to joining Pacira, he was the Chief Financial Officer at Covis Pharmaceuticals, Inc., a specialty pharmaceutical company from November 2011 to August 2014, he served as Executive Vice President and Chief Financial Officer of Archimedes Pharma Ltd., a specialty pharmaceutical company and Chief Financial Officer of PharmAthene, Inc., a biodefense company engaged in the development of next generation medical countermeasures. In addition, Mr. Reinhart has previously held senior financial roles at Millennium Pharmaceuticals, Inc., Cephalon, Inc. and several early-stage life science companies. Mr. Reinhart holds a Bachelor's degree from Lehigh University and his MBA from the Wharton School of the University of Pennsylvania. He is also a CPA.

Chief Executive Officer since August 2018. He previously served as our Senior Vice President, Alliance Management from June 2018 until August 2018, our Vice President, Alliance Management from January 2017 until May 2017, and as an Area Sales Director from December 2013 until January 2014, at a pharmaceutical outsourcing company, from November 2003 until January 2014. Mr. McLoughlin holds a B.S. in Marketing from Saint Joseph's University.

Chief Medical Officer since August 2018. He previously served as our Chief Scientific Officer from June 2017 until August 2018, as our Vice President of Clinical and Regulatory Affairs and Executive Medical Director from November 2011 to May 2013. He has a Masters Degree in Public Health, Clinical Epidemiology/Clinical Research from the Quillen College of Medicine at East Tennessee State University. He completed his residency in the U.S. Navy and was an Assistant Professor at Harvard Medical School.

Chief Administrative Officer and Secretary since October 2014. She previously served as our Vice President, General Counsel from March 2013 to October 2014, as a legal consultant to our Company beginning in April 2011. Prior to joining Pacira, she was Vice President, Corporate Compliance and Assistant General Counsel at Genzyme.

at Paul Hastings LLP in New York from September 1999 to June 2004, where her practice encompassed all aspects of public and private mergers and  
nce, with a core focus in the healthcare industry. Ms. Williams holds a B.S. in Business Administration from Bucknell University and a J.D. from the

e August 2018. He previously served as our Senior Vice President, Anesthesia, Surgery and Medical Affairs from December 2017 until August 2018  
n April 2017 until December 2017. Prior to joining Pacira, he founded LaserAway, a national aesthetic dermatology group, and served as its chief  
nston has served as chief executive officer and president of LaserAway Medical Corp., the management group of LaserAway, since January 2005.  
and an M.D. from the Icahn School of Medicine at Mount Sinai.

icer since December 2018. He previously served as our Senior Vice President, Technical Operations from May 2017 until December 2018. Prior to  
IRUS Biopharmaceuticals, Inc., a biopharmaceutical company, from September 2015 until May 2016. Previously, he was Senior Vice President,  
rmaceutical company, from June 2011 until April 2015, and Vice President, Drug Product Manufacturing, Latin America, Asia Pacific & Japan at  
om July 2009 until February 2011. Mr. Laranjeira holds a B.S. in Industrial Administration from the New Jersey Institute of Technology.

c executive officers.

able for identifying individuals qualified to serve as directors, consistent with criteria approved by our board, and recommending the persons to be

ance committee to identify and evaluate director candidates includes requests to board members and others for recommendations, meetings from time to time to discuss potential candidates and interviews of selected candidates by members of the nominating and corporate governance committee and our

potential candidates, taking into account several factors, including, without limitation, the individual's (a) reputation for integrity, honesty and ethical conduct; (b) knowledge of the Company's business and industry; (c) business acumen, experience, and ability to exercise sound judgment in matters that relate to the current and future operations of the Company; and (d) ability to commit adequate time to board and committee matters and to contribute positively to the decision-making process of the Company. The committee also has a formal policy regarding board diversity. In selecting director nominees, the committee focuses on identifying individuals who will further the Company's goals and objectives and will contribute positively to the collaborative culture among board members.

and corporate governance committee for consideration as potential director candidates by submitting the names of such individuals, together with a statement of support, and, if the stockholder is not a stockholder of record, a statement as to whether the stockholder or group of stockholders making the recommendation is a stockholder of record for at least a year as of the date such recommendation is made, to the nominating and corporate governance committee, c/o Secretary, Pacira Biosciences, Inc., 1000 Morrisville Road, Morrisville, New Jersey 07054. The nominating and corporate governance committee does not have a formal policy regarding stockholder-recommended candidates. If a stockholder's recommendation has been provided on a timely basis, the nominating and corporate governance committee will evaluate stockholder-recommended candidates by using the same criteria, as it follows for candidates submitted by others. Stockholders also have the right under our Bylaws to nominate director candidates directly to the part of the nominating and corporate governance committee or the board, by following the procedures set forth below under the heading

## **NOMINATION POLICY**

Resignation Policy in our Corporate Governance Guidelines. Under the policy, any director nominee who receives a greater number of "WITHHOLD" votes than "FOR" votes will be required to tender his or her resignation to the board following certification of the stockholder vote. Within 90 days following the certification of the vote, the independent directors will review the resignation and determine whether to accept or reject the tendered resignation. If the independent directors determine not to accept the resignation, the director will be required to tender a new resignation within 90 days of the date of the independent directors' decision.



...e or SEC filing) such determination and the factors considered by the independent directors in making such determination.

...ception of David Stack, our chief executive officer, is an "independent director" as defined under the applicable Nasdaq rules. In making such  
...hips that each such non-employee director has with us and all other facts and circumstances that the deemed relevant in determining their  
...l stock by each non-employee director.

...dered certain relationships between the Company and Maimonides Medical Center, where Dr. Kronenfeld is Vice Chairman of Anesthesiology.

...committee, a nominating and corporate governance committee and a science and technology committee. Each of these committees operates under a  
...mittee charter is available by clicking on the "Investors Corporate Governance" section of our corporate website, located at [www.pacira.com](http://www.pacira.com). The  
...not part of, or incorporated by reference in, this proxy statement.

...nd members on each of our committees:

...counting and financial reporting process and the audits and reviews of our consolidated financial statements. The responsibilities of our audit committee

...necessary, terminating the engagement of our independent registered public accounting firm;

...ndent registered public accounting firm, including obtaining and reviewing reports from the independent registered public accounting firm;

...t registered public accounting firm;



registered public accounting firm, including receiving and considering reports made by our independent registered public accounting firm regarding financial reporting and disclosure controls;

and our independent registered public accounting firm our audited annual and unaudited quarterly consolidated financial statements and related

required by SEC rules;

control over financial reporting, disclosure controls and procedures and code of conduct;

assessment and risk management;

report, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous reporting accounting or auditing matters;

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

and our independent registered public accounting firm.

to be provided to us by our independent registered public accounting firm must be approved in advance by our audit committee.

Our audit committee are independent within the meaning of applicable Nasdaq rules and Rule 10A-3 under the Securities Exchange Act of 1934, as determined that Ms. Brege qualifies as an audit committee financial expert within the meaning of SEC regulations and applicable Nasdaq rules. In making a determination on and nature and scope of her previous experience, coupled with past and present service on various audit committees. Our audit committee met seven

of its responsibilities relating to the compensation of our executive officers. The responsibilities of our compensation committee include:

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

executives;

making recommendations to the board with respect to our incentive compensation and equity-based plans;

and making recommendations to the board with respect to director compensation; and

conducting the compensation discussion and analysis and preparing the annual compensation committee report, as required by SEC rules.

Our compensation committee are independent within the meaning of applicable Nasdaq rules for purposes of membership on the compensation committee for 2018.



ce committee include:

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

s and recommending such corporate governance guidelines to the board; and

board.

our nominating and corporate governance committee are independent within the meaning of applicable Nasdaq rules. Our nominating and corporate

oversight of our research and development activities and advises the board with respect to strategic and tactical scientific issues. The overall  
consider and report to the board on matters relating to our research and development initiatives and other appropriate strategic and tactical scientific  
may:

nd development strategy;

rams;

ries and commercial development as appropriate; and

development milestones.

2018.

## ENDANCE

member of the board attended in person or participated in 75 percent or more of the aggregate of (i) the total number of meetings of the board (held  
d (ii) the total number of meetings held by all committees of the board on which such person served (during the periods that such person served). Our  
out management at each regularly scheduled board meeting in 2018. Our board expects to continue to conduct executive sessions limited to  
e directors may schedule additional executive sessions at their discretion.

## ETING OF STOCKHOLDERS

ers of our board at our annual meetings of stockholders. Our practice, however, is to have a meeting of the board immediately following the annual  
ded the annual meeting of stockholders in 2018.



S

that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer. A copy of the code is posted on the "Investors - Corporate Governance" section of our website, which is located at [www.pacira.com](http://www.pacira.com). If we make any change to our code of business conduct and ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, we will post the nature of such amendment or waiver on our website or in a current report on Form 8-K.

## BOARD'S ROLE IN RISK OVERSIGHT

The roles of chief executive officer and chairman of the board. The board believes it is in our best interests to make that determination based on circumstances. As the chairman of the board, and Paul Hastings, a non-employee independent director, serves as our lead director. Our board believes that this structure of processes, creates an appropriate balance between strong and consistent leadership and independent oversight of our business. The chairman chairs the board and director, and as such, our board believes that a person with a comprehensive knowledge of our Company is in the best position to serve such role.

The composition of our board protect stockholder interests and provide adequate independent oversight, while also providing outstanding leadership and oversight of our current directors are "independent" under Nasdaq standards, as more fully described above. The independent directors meet in executive sessions at scheduled board meeting and are very active in the oversight of our Company. Each independent director has the ability to add items to the agenda for the agenda for that meeting. In addition, our board and each committee of our board has complete and open access to any member of management and advisors as they deem appropriate.

Our lead director's role in corporate governance. His responsibilities include, without limitation, ensuring that our board works together as a cohesive team with open communication, and that our board can be evaluated on a regular basis, monitors communications from stockholders and other interested parties and otherwise consults with management on corporate governance and board performance. To this end, our lead director works with the chairman on the board agenda and board materials, facilitates annual general meetings and corporate governance committee and acts as the primary internal spokesperson for our board, ensuring that management is aware of its obligations to the public and, in addition, ensuring that management strategies, plans and performance are appropriately represented to our board. Our lead director's role also includes overseeing employee directors. Our lead director also performs such other functions and responsibilities as requested by our board from time to time.

Our board has not affected its leadership structure. Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. For more information, see "Risk Factors" in our Annual Report.

and is actively involved in oversight of risks that could affect us. This oversight is conducted primarily by our full board, which has responsibility for

Each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for the committee oversees risk management activities related to financial controls and legal and compliance risks. Our compensation committee oversees risk management practices, and our nominating and corporate governance committee oversees risk management activities relating to board composition and our research and development activities and any risks associated therewith. In addition, members of our senior management are available to address any questions or concerns raised by the board on risk-management and any other matters. Our board believes that full and open communication is essential for effective risk management and oversight.

regarding transactions in our stock or to pledge our stock to secure loans or other obligations.

to provide pain relief to as many appropriate patients as possible. Opioid addiction in the U.S. has reached epidemic proportions, with the Centers for Disease Control and Prevention reporting an increase in deaths from an opioid overdose. Overreliance on opioids in the postsurgical setting has caused a rapid deluge of opioid misuse, abuse and addiction.

Our educational campaign, aimed at empowering patients to proactively discuss postsurgical pain management, including non-opioid options, with their doctors. We are providing education on the importance of non-opioid multimodal alternatives for post-surgical pain management and broaden our commercial reach. These include partnerships with payers and hospital systems to support their implementation of opioid-sparing enhanced recovery protocols. In January 2017, we formed a partnership with a coalition of companies, to support the promotion, education and training of EXPAREL in orthopedics. Our growing coalition of collaborators also includes the American Society of Anesthesiologists, the American College of Surgeons, the National Safety Council, Cancer Treatment Centers of America, the Illinois Surgical Quality Improvement Program and Shatterproof.



the non-employee members of our board, as a group, by submitting a written communication to the Chairman at the following address:

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

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

ded to our General Counsel and retained for a reasonable period of time. Communications will be forwarded to all directors if they relate to important  
our Chairman considers to be important for the directors to know.

tention, and treatment of complaints received by us regarding accounting, internal accounting controls or audit matters, and the confidential,  
questionable accounting, internal accounting controls or auditing matters. We have also established a toll-free telephone number for the reporting of such

**COMPENSATION POLICY**

consultant, amended our non-employee director compensation policy with respect to the initial and annual equity grants to bring our non-employee compensation in line with our policy in 2018. Our board compensation policy provides for the following compensation to our non-employee

Directors <sup>(1)</sup>	\$50,000
Retainer for Lead Director <sup>(1)</sup>	\$25,000
Restricted Stock Units <sup>(2)</sup>	\$240,000
	\$30,000
Chairman	\$18,000
Corporate Governance Committee	\$12,000
Finance Committee	\$12,000
	\$12,000
Chairman	\$9,000
Corporate Governance Committee	\$6,000
Finance Committee	\$6,000
	\$360,000

quarterly installments, subject to such director's continued service on the board. Non-employee directors are also reimbursed for expenses incurred in connection with attending board and committee meetings.

Restricted Stock Units ("RSUs") vest one year from the grant date, subject to the director's continued service with our Company. Each RSU represents one share of common stock. In the event of a change of control or our liquidation or dissolution, 100% of the then unvested stock options

period.



earned by our non-employee directors for the year ended December 31, 2018. Dr. Andreas Wicki, a non-employee director, has elected not to receive compensation. We do not compensate Mr. Stack, our chief executive officer and chairman, for his service on our board.

Stock Awards <sup>(1)(2)</sup> (\$)	Option Awards <sup>(1)(2)</sup> (\$)	Total (\$)
29,990	\$ 89,434	\$ 205,424
29,990	89,434	175,424
29,990	89,434	184,424
29,990	89,434	218,424
29,990	89,434	190,424
29,990	89,434	202,424
29,990	89,434	180,224
		28,104

Stock option and RSU awards granted in 2018 computed in accordance with stock-based accounting rules (Financial Standards Standards Codification ("ASC") Topic 718 Stock Compensation). For information regarding assumptions underlying the fair value of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018, see Note 10 to the extent (i) the fair value of our common stock is greater than the exercise price of such stock options and/or (ii) any

The number of RSU awards outstanding for each of our non-employee directors as of December 31, 2018, is as follows:

Director	Number of Unvested Stock Options	Number of Unvested RSUs
	4,693	782
	8,761	782
	4,693	782
	4,693	782
	4,693	782
	4,693	782
	4,693	782

Dr. Wicki's term expires at the 2018 annual meeting of stockholders on June 12, 2018.

## **APPROVAL OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019**

KPMG LLP ("KPMG") as our independent registered public accounting firm for the fiscal year ending December 31, 2019. Stockholder approval is not required for the appointment of KPMG as our independent registered public accounting firm, however, the board believes that submitting the appointment of KPMG to the stockholders for ratification is good corporate governance. The audit committee and the board will reconsider whether to retain KPMG. If the appointment of KPMG is ratified, the audit committee or the board, at any time it decides that such a change would be in the best interest of the Company and its stockholders, may appoint a new independent registered public accounting firm at any time it decides that such a change would be in the best interest of the Company and its stockholders. A stockholder will have an opportunity to make a statement if he or she desires to do so and to respond to appropriate questions. KPMG has served as our independent registered public accounting firm for the fiscal year ended December 31, 2016.

### **REASONS FOR THE APPOINTMENT OF KPMG**

The board of directors, including the senior members of the audit engagement team, and determines whether to reengage the independent registered public accounting firm, including the senior members of the audit engagement team, and determines whether to reengage the independent registered public accounting firm. Factors considered by the audit committee in deciding whether to retain include:

• The complexity of our business, and the resulting demands placed on KPMG in terms of technical expertise and knowledge of our industry and business;

• The nature and frequency of communications with the audit committee and management;

• The quality of the work provided by KPMG, including input from management on KPMG's performance and how effectively KPMG demonstrated its independent judgment,

• The quality of the work provided by KPMG, including recent Public Company Accounting Oversight Board ("PCAOB") reports on KPMG and its peer firms; and

• The quality of the work provided by KPMG as our independent auditor, including the benefits of a longer tenure, and the controls and processes in place that help ensure KPMG's continued

• The board of directors believes that retaining KPMG to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2019, is in the best

• If the board of directors fully approves, the selection of our independent registered public accounting firm's lead engagement partner at the five-year mandatory rotation period. In the event of a rotation, KPMG will select candidates and provide qualifications to be considered for the lead engagement partner role, who will then be selected by the board of directors. After considering

G, senior management and the audit committee will discuss the candidates and their relative qualifications. The audit committee will then discuss the leading candidate, and ultimately approve the individual. The current KPMG lead engagement partner commenced service on our company's audit

professional services rendered to us during fiscal years 2018 and 2017:

**2017**  
\$ 823,251

\$ 823,251

rendered in connection with the audit of our annual consolidated financial statements, the review of the interim consolidated quarterly Reports on Form 10-Q, and other services provided in connection with statutory and regulatory filings, including

## **POLICY AND PROCEDURES**

ing to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. This policy requires our independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by our audit committee or the procedures described below.

defined types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such services to be provided and is also generally subject to a maximum dollar amount. Our audit committee has also delegated to the chairperson of our audit committee the authority to approve or disapprove services to be provided to us by our independent registered public accounting firm. Any approval of services by a member of our audit committee pursuant to this policy requires the approval of our audit committee.

Our independent registered public accounting firm during fiscal years 2018 and 2017 were pre-approved in accordance with the pre-approval policies and procedures

## ***THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ENDING DECEMBER 31, 2019.***

**TEE**

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

statements and the financial reporting process, including the systems of internal controls and disclosure controls and procedures. The independent audit of Pacira's consolidated financial statements in accordance with the standards of the PCAOB and issuing a report thereon. The audit committee's

reviewed and discussed with management and the independent accountants the audited consolidated financial statements of Pacira for the fiscal year with the independent accountants the matters required to be discussed by PCAOB AU Section 1301, *Communications with Audit Committees*. In addition, the letter from the independent accountants required by the applicable requirements of the PCAOB regarding the independent accountants' independence and has discussed with the independent accountants the independent accountants' independence.

The audit committee recommended to the board of directors that the audited consolidated financial statements of Pacira be included in Pacira's Annual Report that was filed with the SEC.

OF THE BOARD OF DIRECTORS OF  
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ion about our executive compensation program as it relates to the following "named executive officers" whose compensation information is presented  
ssion:

- Chief Executive Officer (CEO) and Chairman
- Chief Financial Officer
- Chief Commercial Officer
- Chief Medical Officer
- Chief Administrative Officer and Secretary

is to attract and retain superior executive talent by providing competitive incentives to reward our executives for performance and aligning executive  
egic goals and objectives approved by our board. Our compensation program is made up of the following direct compensation elements:

#### Purpose

ves by offering fixed compensation that is competitive with market opportunities and that recognizes each executive's position, role, responsibility and

achievement of our annual performance.

s with the interests of stockholders through equity-based compensation, and to promote the long-term retention of our executives and key management

a exceptional growth and success, highlighted by the following:

million in 2018, a 17% increase over the \$282.9 million in 2017.

3, an 18% increase over the \$286.6 million in 2017.

on in 2018, compared to \$311.6 million in 2017.

share (basic and diluted), in 2018, compared to a net loss of \$42.6 million, or \$1.07 per share (basic and diluted), in 2017.

s, short-term and long-term investments of \$409.3 million.





services ("CMS") finalized a policy to provide separate Medicare reimbursement for EXPAREL when administered in ambulatory surgical centers with the CPT billing code of C9290.

The FDA approved our supplemental new drug application ("sNDA") to broaden the use of EXPAREL to include administration via interscalene brachial plexus regional analgesia.

EXPAREL at a custom suite in Swindon, England, created under our partnership with Thermo Fisher Scientific Pharma Services (formerly Patheon UK).

to advance the development and commercialization of EXPAREL in China.

EXPAREL revenue since January 2016:

structured to support the Company's business objectives, and we also believe that our compensation programs and policies reflect an overall alignment with the interests of our stockholders. We believe the following key factors should be considered when reviewing the compensation of our named executive officers:

The compensation committee's philosophy that Mr. Stack's cash and equity compensation approximate the 50th percentile of our peer group. Mr. Stack's increased annual bonus for 2018, including significant EXPAREL sales growth, obtaining Medicare reimbursements and FDA approvals of nerve block and other products, reflect the compensation committee's attempt to further incent and align Mr. Stack's compensation with the interests of stockholders.



**2018 CEO Compensation Components**

***ion Program***

and equity award values at the 50th percentile of our peer group. Our annual incentive bonus opportunity is contingent on our financial and business performance for named executive officers reflecting achievement of our EXPAREL and other financial and operational objectives. In 2018, the compensation mix consisted of 75% stock options and 25% restricted stock units. The ultimate value of equity grants is dependent on our stock price and aligns the interests of our named executive officers as a strong retention tool. The compensation committee believes that 2018 total compensation reflects our outstanding performance and aligns the interests of our named executive officers with our long-term strategic objectives. For 2018, the following was the targeted mix of compensation for our chief executive officer and other named executive officers:

with those of our stockholders and align our compensation program with best practices, the compensation committee has established the following

**THINGS WE DON'T DO:**

committee, comprised solely of  
and executive officers.

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

committee retains an independent

**Ban on Hedging and Pledging.** We do not allow our management or directors to engage in hedging transactions in our stock or to pledge our stock to secure loans or other obligations.

tee assessed our compensation policies  
policies and programs that give rise to  
Company.

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

y votes to approve executive  
of the votes cast on such proposal in

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

We offer named executive officers a  
a change of control followed by  
good reason.

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

n advisory stockholder vote to approve the compensation of our named executive officers, which we refer to as say-on-pay. The compensation of our  
was approved by approximately 94% of the votes cast at the 2018 annual meeting. The compensation committee believes this affirms our stockholders'  
result, the compensation committee did not make any significant changes to our executive compensation program for 2018. The compensation  
-pay votes and feedback from stockholders when making future compensation decisions for our named executive officers.

**No Evergreen Provisions.** Our equity compensation plans do not contain any "evergreen" provisions to increase shares available for issuance as equity awards. Any increase in available shares for equity awards must be approved by stockholders.

## STRATEGY AND OBJECTIVES

is to attract, retain and motivate superior executive talent with the skills and experience to successfully execute our business strategy. Our executive

the achievement of performance goals that directly correlate to the enhancement of stockholder value;

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

executive retention; and

strategic goals and objectives approved by our board.

Our plan ties a significant portion of each named executive officer's overall compensation to key corporate financial goals and to individual goals. We have implemented a plan in the form of equity awards that vest over time, which we believe helps to retain our executive officers and aligns their interests with those of our stockholders as reflected in the trading price of our common stock.

### *Compensation Consultant*

Our compensation committee is charged with, among other things, the responsibility of reviewing executive compensation in light of our compensation philosophy and objectives and that the total compensation paid to our executive officers is consistent with our performance, fair, and reasonable.

Our chief executive officer, other than himself, and, based on these reviews, makes recommendations to our compensation committee regarding the amount of incentive awards for such executive officers. The compensation committee believes it is valuable to consider the recommendations of our chief executive officer. In his knowledge of our operations and the day-to-day responsibilities of our executive officers, he is in a unique position to provide the compensation recommendations for our executive officers in light of our business at a given point in time. While the compensation committee considers the chief executive officer's reviews and recommendations regarding the compensation of our named executive officers and also considers, among other things, company and individual performance, peer group data and

Our compensation committee retained Radford as its independent compensation consultant, who has served in this capacity since 2011. Radford provided advisory services, including a competitive assessment of compensation for non-executives and sales personnel, in each case, as directed by the compensation committee, and does not provide a "Discussion and Analysis" for further description of the services provided by Radford. Radford provides additional services to management in the areas of executive compensation and approved by the chair of the compensation committee before any services are provided. Prior to engaging Radford, our compensation committee

regulations. Our compensation committee did not identify any conflicts of interest with respect to Radford.

comparative analyses of our peer groups (as described below), as well as the considerations provided by Radford with respect to components and levels of determining competitive market practice in our industry. The compensation committee considered the assessment of peer group market compensation, individual performance and worth and other subjective factors in establishing and approving the various elements of our executive compensation program for

peer group data with the assistance of Radford. Our peer companies are selected from publicly-traded pharmaceutical and biotechnology companies based in the United States based on revenue, market capitalization, and employee headcount. The compensation committee also takes into consideration the Company's stage of development. As of December 31, 2018, our market capitalization was at approximately the 43rd percentile of our peer group, and our annual revenue was at approximately the 43rd percentile. The compensation committee believes that the companies selected to our peer groups are broadly comparable to us, and represent our labor market for talent for our peer group. The compensation committee reviews our peer group with Radford to determine if adjustments are necessary to ensure that it continues to be relevant or if additional peer information on market practices and compensation levels. The compensation committee, based on analysis and recommendations from Radford, approved the peer group reported in our prior proxy statement.

Horizon Pharma plc  
ImmunoGen, Inc.  
Insys Therapeutics, Inc.  
Intercept Pharmaceuticals, Inc.  
Ionis Pharmaceuticals, Inc.  
Ironwood Pharmaceuticals, Inc.  
MiMedx Group, Inc.

Momenta Pharmaceuticals, Inc.  
Nektar Therapeutics  
Retrophin, Inc.  
SciClone Pharmaceuticals, Inc.  
Seattle Genetics, Inc.  
Supernus Pharmaceuticals, Inc.  
The Medicines Company  
United Therapeutics Corporation

are:

to retain qualified candidates to help us achieve our growth and performance goals. Base salaries are intended to recognize a named executive officer's experience, knowledge and responsibilities.

to executive officer base salary levels, including:

officer (for named executive officers other than himself);

;

officer's position to us;

nce;

position; and

ment regarding base salaries for comparable positions at peer companies.

ation committee approved increases to the 2018 base salary for each of our then named executive officers for merit and to move their salaries closer to the 50th percentile of our peer group. In addition to the foregoing, Mr. Scranton received a more substantial increase in connection with his promotion to a position associated with that role, in addition to his other responsibilities within the company.

ow:

	<b>Increase Over 2017 Base Salary</b>
000	3.0%
000	3.0%
000	
000	15.0%
000	6.2%

f Commercial Officer in August 2018.

believes that annual incentive bonuses that are awarded to our named executive officers based on company and individual performance goals provide our stockholders with the best long-term value, increase stockholder value and ensure that we attract and retain talented named executive officers. Each year, the compensation committee establishes the annual incentive award target expressed as a percentage of the executive's base salary, based on results of Radford's comparative assessment regarding annual incentive award targets for named executive officers based on individual contribution and responsibility of the individual named executive officer and market practices.

Annual payouts were as follows:

<b>Executive Officer</b>	<b>2018 Annual Incentive Target (as a percentage of Base Salary)</b>	<b>Actual 2018 Annual Incentive Payment (as a percentage of Base Salary)</b>
Mr. Reinhardt, III	70.0%	84.0%
Mr. Loughlin	45.0%	52.0%
Mr. Scranton	40.0%	63.0%
Mr. Williams	45.0%	55.0%
	45.0%	54.0%



orate and individual goals and performance at the end of each fiscal year, together with the results of a comparative review conducted by Radford, to each named executive officer. The compensation committee also has the authority to award discretionary cash bonuses to our executive officers in the our executive officers.

o award annual incentive bonuses to our named executive officers at 120% of the target amount. The compensation committee approved the annual other factors:

EXPAREL;

aring facility in Swindon, England;

otech Co. Ltd. to advance the development and commercialization of EXPAREL in China.

formance is enhanced through equity awards to our named executive officers. Equity awards reward our named executive officers for maximizing tives with those of our stockholders. All equity incentive awards granted to our named executive officers are approved by our compensation committee. ne form of stock options with exercise prices equal to the closing market price of our common stock on the date of grant and RSUs. We believe that

a strong link to our long-term performance by enhancing their accountability for long-term decision making;

interests of our named executive officers with the creation of value for our stockholders; and

ptions and RSU awards to our named executive officers with an approximate mix of 75% options and 25% RSU awards, which vest over a four-year tion of stock options and RSU awards provides the appropriate mix of incentive, motivation and retention goals to our named executive officers while The compensation committee determined that time-based vesting of equity awards is appropriate at this time to align our executive officers' interests n retention of our named executive officers.

2018 were as follows:

Stock Options (#)	RSUs (#)
170,250	28,375
30,000	5,000
87,250	7,875
67,250	7,875
47,250	7,875

2018 in connection with his promotion to Chief Commercial Officer. Mr. Scranton was granted additional stock options during 2018 in connection with the acquisition of the Company. Mr. Scranton was also granted a single intravenous (IV) bolus of 0.5 mg of fentanyl to include administration via interscalene brachial plexus block to produce postsurgical regional analgesia.

The fair market value of our stock price on the grant date, and vest as to 25% of the options shares on the first anniversary of the grant date, with the remaining shares vesting over the subsequent three years, provided that the recipient remains in continuous service with us as of each vesting date. The RSU award vests in four equal installments on each vesting date, provided that the recipient remains in continuous service with us as of each vesting date. The compensation committee believes that the retention of our executives, while also incentivizing our named executive officers to create value for our stockholders.

Benefits that are provided to all employees, including our 401(k) retirement plan, employee stock purchase plan, flexible spending accounts, medical, dental and vision, and long-term disability policies, paid vacation, paid sick time, and company holidays. Our named executive officers are eligible to participate in each of these plans.

We have entered into employment agreements with each of our named executive officers. Each of these agreements provides the named executive officer with certain terms of the executive's employment both before and after a change of control. The compensation committee believes that reasonable severance and continuation of benefits strengthens our competitive compensation package, providing us with a recruitment and retention benefit, aligns the interests of the named executive officer with the Company in change of control situations that may result in personal uncertainties. See "Employment Agreements, Severance and Continuation of Benefits."

We do not have a formal compensation recovery policy, often referred to as a "clawback" policy, aside from the clawback provisions for the chief executive officer and chief financial officer under the Dodd-Frank Act, which provides that the chief executive officer and chief financial officer must reimburse the Company for any bonus or other incentive-based or equity-based compensation received during the 12-month period following the preparation of an accounting restatement, as a result of misconduct. The compensation committee intends to adopt a formal policy in the future as required by the Dodd-Frank Act.

Under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, generally disallows a tax deduction for compensation in excess of \$1.0 million paid by a company to its chief executive officer and to certain other officers or former officers whose compensation is (or was) required to be reported to stockholders by reason of being subject to the reporting requirements of the Code. Accordingly, subject to certain limited exceptions, compensation paid to our covered executive officers in excess of \$1 million generally will not be deductible for federal income tax purposes due to the tax consequences of Section 162(m) on the various elements of our executive compensation program. However, our board and compensation committee will continue to review our compensation programs that are in the best interests of the Company and its shareholders and our board or compensation committee may, in its

y with the exemptions under Section 162(m).

arrangements that provide for the deferral of compensation, and imposes penalty taxes on employees if those plans, agreements and arrangements do not meet the requirements for executive compensation arrangements to be exempt from, or comply with, Section 409A.

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and discussed the Compensation Discussion and Analysis with management, and, based on such review and discussions, the compensation committee of the Compensation Discussion and Analysis be included in this proxy statement.

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

Paul Hastings, Chairperson  
 Yvonne Greenstreet  
 Mark Kronenfeld  
 John Longenecker

compensation earned for services rendered during fiscal years 2018, 2017 and 2016 for our chief executive officer, our chief financial officer, and the three other named executive officers at the end of 2018. We refer to these individuals as our "named executive officers."

Bonus (\$)	Stock Awards \$(1)	Option Awards \$(1)	All Other Compensation \$(2)	Total (\$)
679,200	1,088,181	3,244,433	16,409	5,835,918
467,114	1,790,100	1,666,848	10,668	4,718,917
396,344	1,336,263	2,316,516	8,206	4,818,675
220,000	191,750	571,706	3,390	1,407,673
147,240	386,750	360,121	16,170	1,318,935
85,500		2,024,368	32,101	2,411,200
200,000	302,006	1,689,835	16,642	2,527,714
250,000	302,006	1,230,807	26,045	2,266,550
150,000	386,750	770,418	966	1,686,596
250,000	302,006	900,437	23,651	1,935,056
155,880	486,200	452,724	420	1,527,724
134,400	352,975	680,476	420	1,585,579

of grants made in each respective fiscal year computed in accordance with stock-based accounting rules (FASB ASC Topic 718-Stock Compensation). These amounts are included in Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

and group term life insurance premiums paid-in full by us.

Chief Financial Officer in May 2016.

Chief Financial Officer in August 2018.

Chief Medical Officer in June 2017 and was promoted again as our Chief Medical Officer in August 2018.



named executive officers regarding plan-based awards granted during fiscal year 2018.

	Type of Award(s)	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards (\$)(1)
	Stock Option	6/13/2018		170,250	38.35	3,244,433
	RSUs	6/13/2018	28,375			1,088,181
art, III	Stock Option	6/13/2018		30,000	38.35	571,706
	RSUs	6/13/2018	5,000			191,750
lin	Stock Option	6/13/2018		47,250	38.35	900,437
	Stock Option	7/3/2018		20,000	33.10	327,785
	Stock Option	9/5/2018		20,000	46.55	461,613
	RSUs	6/13/2018	7,875			302,006
	Stock Option	5/2/2018		20,000	34.375	330,370
	Stock Option	6/13/2018		47,250	34.38	900,437
	RSUs	6/13/2018	7,875			302,006
	Stock Option	6/13/2018		47,250	38.35	900,437
	RSUs	6/13/2018	7,875			302,006

air value of grants computed in accordance with stock-based accounting rules (FASB ASC Topic 718-Stock Compensation).  
 se amounts are included in Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K

AL YEAR-END

to outstanding options held by our named executive officers at December 31, 2018.

Option Awards				Stock Awards	
Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)
				28,375(2)	1,220,693
	170,250(1)	38.35	6/13/2028		
30,377	50,623(1)	44.20	6/14/2027		
				30,375(2)	1,306,733
30,000	30,000(1)	32.35	12/7/2026		
				16,562(2)	712,497
41,409	24,841(1)	40.34	6/15/2026		
150,000	(4)	81.00	6/3/2024		
313,670	(4)	10.81	6/5/2022		
12,849		10.81	6/5/2022		
51,856		5.49	12/29/2020		
59,000		1.61	9/2/2020		
				5,000(2)	215,100
	30,000(1)	38.35	6/13/2028		
6,564	10,936(1)	44.20	6/14/2027		
				6,562(2)	282,297
8,000	8,000(1)	32.35	12/7/2026		
43,750	26,250(1)	51.54	5/3/2026		
				7,875(2)	338,783
	20,000(1)	46.55	9/5/2028		
	20,000(1)	33.10	7/3/2028		
	47,250(1)	38.35	6/13/2028		
2,250	3,750(1)	44.20	6/14/2027		
				2,250(2)	96,795
3,750	6,250(1)	44.10	6/2/2027		
1,315	1,685(1)	41.90	2/2/2027		
				600(2)	25,812
3,000	3,000(1)	32.35	12/7/2026		
1,500	900(1)	40.34	6/15/2026		
				437(2)	18,800
3,064	436(1)	79.43	6/3/2025		
10,623	(1)	56.32	1/3/2024		
				7,875(2)	338,783

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	47,250(1)	38.35	6/13/2028		
	20,000(1)	34.38	5/2/2028		
				6,562(2)	282,297
6,564	10,936(1)	44.20	6/14/2027		
7,500	12,500(1)	44.10	6/2/2027		
				1,562(2)	67,197
3,000	3,000(1)	32.35	12/7/2026		
3,909	2,341(1)	40.34	6/15/2026		
8,750	1,250(1)	79.43	6/3/2025		
				1,250(2)	53,775
10,000		81.00	6/3/2024		
25,000		25.37	3/5/2023		
12,500		10.81	6/5/2022		
14,698		10.81	6/5/2022		
3,010		10.52	3/2/2022		
7,292		7.81	12/2/2021		



	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)
iam		47,250(1)	38.35	6/13/2028	7,875(2)	338,783
					8,250(2)	354,915
	8,250	13,750(1)	44.20	6/14/2027		
					4,374(2)	188,169
	10,000	10,000(1)	32.35	12/7/2026		
	10,940	6,560(1)	40.34	6/15/2026		
					1,875(2)	80,663
	13,126	1,874(1)	79.43	6/3/2025		
	40,000		81.00	6/3/2024		

of the shares on the first anniversary of the grant date, and vests with respect to the remaining shares in approximately equal months thereafter, provided that the executive officer remains in continuous service with us as of each vesting date.

annual installments beginning on approximately the first anniversary of the vesting date, provided that the executive officer remains in continuous service with us as of each vesting date.

was the closing price of our common stock on the Nasdaq Global Select Market on December 31, 2018.

LCK Investment LLC. Mr. Stack and his wife are the owners of LCK Investment LLC.

and executive officers regarding stock options exercised and stock vested during 2018.

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
ck	112,976	4,177,325	18,406	625,804
. Reinhart, III			2,188	74,392
cLoughlin			1,487	50,558

Scranton	4,219	143,446
Williams	6,813	231,642

## DETERMINATION AND CHANGE OF CONTROL ARRANGEMENTS

The agreements with each of Mr. Stack, Mr. Reinhart, Mr. McLoughlin, Dr. Scranton and Ms. Williams provide for "at will" employment at any time, with or without cause. Pursuant to the agreements, as amended, each of such named executive officers will be entitled

her than for "cause," or (ii) terminates his employment for "good reason," then he will be entitled to:

ation time and other benefits;

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

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

standing unvested options and any time-based RSUs that would have become vested during the 12-month period following the date of termination, release required to be provided as a condition to the acceleration of the vesting of such awards.

of control," our chief executive officer (i) is terminated for any reason other than for "cause," or (ii) terminates his employment during the agreement

ation time and other benefits;

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

defined in the employment agreement), a bonus payment in the amount of 100% of his then-current base salary, payable in one lump sum after the provided as a condition to receiving this payment;

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

ted options and any time-based RSUs previously granted to him, provided that he executes and delivers the release required to be provided as a of such awards.

executive officer, (i) is terminated for any reason other than for "cause," or (ii) terminates his or her employment for "good reason," then such executive

ation time and other benefits;

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

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

executive officer's outstanding unvested options and any time-based RSUs that would have become vested during the nine-month period following the executive officer executes and delivers the release required to be provided as a condition to the acceleration of the vesting of such awards.

of control," any of our named executive officers, other than our chief executive officer, (i) is terminated for any reason other than for "cause," or



for "good reason," then such executive officer will be entitled to:

ation time and other benefits;

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

defined in the employment agreement), a bonus payment in the amount of a certain percentage of such executive officer's then-current base salary (25% for Mr. McLoughlin, and 30% for Dr. Scranton), payable in one lump sum after the effective date of the release required to be provided as a

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

ted options and any time-based RSUs previously granted to such executive officer, provided that such executive officer executes and delivers the on to the acceleration of the vesting of such awards.

re will be conditioned upon the executive officer's continued compliance with the non-competition and confidentiality obligations set forth in his or her of a general release of claims against us.

i) failure to substantially perform the duties owed to us after receiving written notice that sets forth in detail the specific respects in which our board and failure to correct the failure within 30 days after receiving a demand for substantial performance and opportunity to cure; (ii) fraud, misconduct, or conducted with intentional disregard for our best interests; (iii) failure to follow reasonable and lawful instructions from our board and failure to ; (iv) material breach of the terms of the employment agreement or our employee proprietary information and inventions assignment agreement or any ; or (v) conviction of, or pleading guilty or nolo contendere to, any misdemeanor involving dishonesty or moral turpitude or related to our business, or

means, without the executive officer's prior written consent: (i) any material reduction of the executive officer's then effective base salary that is not in or related to a cross-executive team salary reduction; (ii) any material breach by us of the executive officer's employment agreement; or (iii) a material ot including a mere reassignment following a "change of control" to a position that is substantially similar to the position held prior to the "change of all constitute "good reason" unless (x) the executive officer gives us a written notice of termination for "good reason" not more than 90 days after the n (if susceptible to correction) are not corrected by us within 30 days of our receipt of such notice and (z) the termination date occurs within one year

as (i) a merger or consolidation of either us or our subsidiary, Pacira Pharmaceuticals, Inc., a California corporation ("PPI-California") into another licable) do not control 50% or more of the total voting power of the surviving entity (other than a reincorporation merger); (ii) the sale, transfer or

liquidation or dissolution; or (iii) the sale or transfer of more than 50% of our outstanding voting stock. In the case of each of the foregoing clauses (i), any transaction entered into by us or PPI-California shall not constitute a "change of control" for purposes of these employment agreements.

## TERMINATION OR CHANGE OF CONTROL

The following table sets forth the estimated amounts of cash and benefits named executive officers would have received upon the occurrence of the termination events specified below, assuming that each triggering event

### Good Reason

	Severance (\$)	Health Benefits (\$)	Acceleration of Equity Awards \$(1)	Total (\$)
David Stack	\$ 808,600	\$ 16,409	\$ 1,599,600	\$ 2,424,609
David Reinhart, III	315,975	3,390	179,913	499,278
Michael Loughlin	288,750	16,642	291,264	596,656
William Cranton	345,000	26,045	404,343	775,388
William Williams	345,000	23,651	495,526	864,177

our common stock of \$43.02 per share, which was the closing price of our common stock on December 31, 2018, as reported on the Nasdaq Global Select

### Good Reason in connection with a Change of Control

	Severance (\$)	Health Benefits (\$)	Acceleration of Equity Awards \$(1)	Total (\$)
David Stack	\$ 2,425,800	\$ 16,409	\$ 4,421,664	\$ 6,863,873
David Reinhart, III	589,820	3,390	582,757	1,175,967
Michael Loughlin	519,750	16,642	928,468	1,464,860
William Cranton	598,000	26,045	1,173,893	1,797,938
William Williams	575,000	23,651	1,307,468	1,906,119

our common stock of \$43.02 per share, which was the closing price of our common stock on December 31, 2018, as reported on the Nasdaq Global Select

Under the Securities Exchange Act of 1934 and Item 402(u) of Regulation S-K, we are required to disclose the ratio of our principal executive officer's annual total compensation to the median employee. For 2018, the annual total compensation for our chief executive officer, David Stack, was \$5,835,918. The annual total compensation for the median employee was \$175,153, resulting in a pay ratio of approximately 33:1.

There was no change in our employee population or compensation arrangements that we believe would significantly affect the ratio of our principal executive officer's annual total compensation to the median employee as of October 2, 2017 by



salary for salaried employees (or hourly rate multiplied by estimated work schedule, for hourly employees), (B) the target bonus for 2018, (C) the (ii) ranking this compensation measure for our employees from lowest to highest. This calculation was performed for all of our employees, excluding those whose compensation was determined to be anomalous because the employee was hired in 2017 and was not employed by us for the entire 2017 fiscal year. We selected an alternate median employee, whose compensation was viewed to be more representative of employees at or near the median. The selected employee was based on the selected consistently applied compensation measure described above. However, for 2018, we are disclosing the compensation of the employee for the entire 2018 fiscal year.

and in a manner consistent with SEC rules based on our internal records and the methodology described above. The SEC rules for identifying the employee based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make adjustments to employee populations and compensation practices. Therefore, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, and other companies may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.



## **VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

g stockholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement. This proposal, provides the opportunity to approve or reject our executive pay program through the following resolution:

re, on an advisory basis, the compensation of the named executive officers of Pacira BioSciences, Inc., as disclosed pursuant to Item 402 of the Item 402 Discussion and Analysis, compensation tables, and related narrative discussion in the Company's 2019 proxy statement."

with the next vote following this year's vote occurring at the 2020 Annual Meeting of Stockholders. See Proposal No. 4, relating to the advisory vote on the compensation of our named executive officers. The say on pay vote is advisory and therefore will not be binding on the compensation committee, the board or the Company. We will review the voting results and take them into consideration when making future decisions regarding executive compensation.

y statement before determining how to vote on this proposal. As discussed in more detail in that section, the primary objectives of our executive compensation program are to attract and retaining talented executives, rewarding performance that meets or exceeds our established goals, and aligning the interests of our named executive officers with the interests of our stockholders, which was advised by an independent compensation consultant, aims to reward our named executive officers for performance. Performance

million in 2018, a 17% increase over the \$282.9 million in 2017.

3, an 18% increase over the \$286.6 million in 2017.

on in 2018, compared to \$311.6 million in 2017.

share (basic and diluted), in 2018, compared to a net loss of \$42.6 million, or \$1.07 per share (basic and diluted), in 2017.

s, short-term and long-term investments of \$409.3 million.

Medicare reimbursement for EXPAREL when administered in ambulatory surgical centers through establishment of the product-specific billing code

the use of EXPAREL to include administration via interscalene brachial plexus block to produce postsurgical regional analgesia.

PAREL at a custom suite in Swindon, England, created under our partnership with Thermo Fisher Scientific Pharma Services (formerly Patheon UK)

## ***THE ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.***

## **VOTE TO APPROVE THE FREQUENCY OF FUTURE ADVISORY VOTES TO APPROVE NAMED EXECUTIVE OFFICERS**

Over the past few years, stockholders have an opportunity to provide an advisory vote on how frequently we should hold an advisory vote on the compensation of our named executive officers. At our last annual meeting of stockholders, stockholders last voted on this matter at our 2013 annual meeting of stockholders. Stockholders may indicate whether they would prefer an advisory vote on the frequency of future advisory votes to approve executive compensation or they may abstain from voting.

Our compensation committee is currently reviewing the factors regarding the frequency of future advisory votes to approve executive compensation in an effort to determine the approach that would best serve the interests of our stockholders. The following are the key factors that we are evaluating in making our decision regarding the frequency of future advisory votes to approve executive compensation, including:

• Our current practice, as we have been conducting an annual vote since 2013.

• The value of the immediate and direct input from our stockholders on our compensation principles and practices as disclosed in the proxy statement every year.

• The value of the indirect feedback from our stockholders, which is consistent with our efforts to seek input from our stockholders regarding corporate governance and our compensation practices.

• The difficulty of making it more difficult for us to understand the outcome of a stockholder vote as to whether the stockholder vote pertains to the compensation of our named executive officers or to our compensation principles and pay practices over the previous year or two years. As a result, a frequency other than annual might make it more difficult for the board to understand the message being communicated by our stockholders.

• The value of the annual say-on-pay vote at our 2013 annual meeting of stockholders.

• The value of the annual say-on-pay vote at our 2013 annual meeting of stockholders.

• The value of the annual say-on-pay vote at our 2013 annual meeting of stockholders. The votes cast by the holders of shares of common stock present or represented by proxy and entitled to vote on the proposal will be deemed the frequency of future say on pay votes is advisory and non-binding on the board, or the Company. However, the compensation committee and board will take the voting results into consideration when determining the frequency of future advisory votes to approve executive compensation.

## ***FREQUENCY PERIOD OF "ONE YEAR" FOR FUTURE ADVISORY VOTES TO APPROVE THE NAMED EXECUTIVE OFFICERS.***

## OF THE AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN

was adopted by our board and approved by our stockholders in December 2010. An amendment and restatement of the 2011 plan was approved by our board in 2014 and again in 2016. On April 19, 2019, our board, upon recommendation of the compensation committee, adopted, subject to stockholder approval, an amendment to the A&R 2011 Plan, to increase the number of shares of common stock authorized for grant by 3,000,000 newly reserved shares, resulting in an increase from 1,562,031 to 4,562,031 shares. The 3,000,000 newly reserved shares plus the remaining share pool of 1,562,031 shares (as of March 31, 2019) would be available for grant, as

consistent with the interests of our stockholders and sound corporate governance practices, including the following:

**"Evergreen" provision.** There is no evergreen feature pursuant to which the shares authorized for issuance under the A&R 2011 Plan can be

Stock options and stock appreciation rights, or SARs, may not be granted with an exercise or measurement price lower than the fair market value of the underlying stock at the time of grant. Except that if the award is granted with an exercise price or measurement price to be determined on a future date, the price may not be less than the fair

**Stockholder approval.** The A&R 2011 Plan prohibits the repricing of stock options or SARs without prior stockholder approval.

**Use of shares.** Shares delivered to our Company to purchase shares upon exercise of an award or to satisfy tax withholding obligations will not become part of the A&R 2011 Plan.

Change in control benefits are triggered only by the occurrence, rather than stockholder approval, of a merger or other change in control event.

## ADDITIONAL SHARES REQUESTED

As of March 31, 2019, there were 1,562,031 shares of common stock subject to outstanding awards and 1,562,031 shares of common stock reserved for future grants remaining under the 2011 Plan, representing 10.0% of our shares outstanding (assuming the exercise and vesting, as applicable, of all outstanding equity awards, excluding any shares of common stock that may be subject to convertible senior notes). Assuming adoption of the A&R 2011 Plan, shares of common stock subject to outstanding awards and shares of common stock reserved for future grants (including the 3,000,000 newly reserved shares) would represent 26.4% of our shares outstanding and 20.9% of our fully diluted shares outstanding (assuming the exercise and vesting, as applicable, of all outstanding equity awards, excluding any shares of common stock that may be issued to settle the premium upon conversion of our convertible senior notes). The number of shares reserved for future grants is based on the sum of (i) 9,842,347 shares of common stock plus (ii) the number of shares of our common

our now terminated Second Amended and Restated 2007 Stock Option-Stock Issuance Plan (the "2007 Plan"), which expire, terminate or are otherwise original issuance price pursuant to a contractual repurchase right. Of these authorized shares under our 2007 Plan, 2,022,836 have been granted and are to be granted.

#### ***Equity and Overhang***

4.79%, calculated for each year as the number of shares subject to options and RSUs granted in such year divided by the respective weighted-average equity. We believe our three-year average annual burn rate and current equity overhang is reasonable given our rapid growth, widespread granting of equity awards

currently available under the 2011 Plan is insufficient to meet our current and future equity needs. Certain of our employees and all of our employees receive a portion of their compensation and we intend to continue to grant equity awards to induce and incentivize new and existing employees at all levels. We have grown from 22 full-time employees to 518 full-time employees at December 31, 2018, hiring an additional 29 employees during 2018 alone.

#### ***Equity Growth, Resulting in Less Dilution to Stockholders***

ability to finance our growth through the issuance of non-dilutive convertible senior notes. Our rapid revenue growth coupled with our prudent expense management (including cash compensation) has allowed us to avoid issuing equity to finance our growth and operations; preventing dilution of our stockholders but limiting equity. New hires and further incentivize and retain employees to fuel our rapid growth. This careful use of equity has led to a relatively low number of issued equity awards, low burn rate and equity overhang. Assuming we had issued equity of equivalent value rather than our convertible senior notes in 2017, our three year average annual burn rate and our issued overhang would have been 12.15% as of March 31, 2019. We believe that our judicious use of outside equity capital to finance our growth strategy should not be used against us in connection with overhang and burn rate calculations.

#### ***Equity and Retention***

our ability to maintain a competitive position in attracting, retaining and motivating key personnel. Management recruitment and retention is a key to our success, as demonstrated by the promotion grants made to Messrs. McLoughlin and Scranton in 2018. Equity incentives are an important component of our compensation strategy. We offer career development opportunities and performance-based incentives to better align the recipient's interests with those of our stockholders. We expect to need to continue to invest in REL, expand its indications and develop and launch new products.

believes this proposed share increase is reasonable and appropriate. At this time, we expect that these shares, in conjunction with the shares currently held in the next two years.

ion by the compensation committee, adopted, subject to stockholder approval, the A&R 2011 Plan to increase the number of shares of common stock as described below. If the A&R 2011 plan is approved, the number of shares of our common stock authorized for grant under the A&R 2011 Plan will consist of the prior authorization of 9,842,347 shares plus 3,000,000 new shares) plus (ii) the number of shares of our common stock subject to which are otherwise surrendered, cancelled, forfeited or repurchased by us at their original issuance price pursuant to a contractual repurchase right.

***THE APPROVAL OF THE AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN.***

copy of our proposed A&R 2011 Plan is attached as [Appendix A](#) to this proxy statement and is incorporated herein by reference. The following are the most important provisions and does not purport to be a complete description of the A&R 2011 Plan. Please see [Appendix A](#) for more detailed information.

under the A&R 2011 Plan is equal to the sum of (i) 12,842,347 shares of common stock plus (ii) the number of shares of our common stock (up to the number of shares which expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by us at their original issuance price pursuant to a repurchase right) 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 14,954,537 shares.

In the event of stock splits, reverse stock splits, stock dividends, recapitalizations, share combinations or reclassifications, spin-offs and other similar corporate transactions, authorized and unissued shares, or may be issued from treasury shares. Shares covered by awards (other than shares covered by Tandem SARs (as defined in the A&R 2011 Plan), which are forfeited, cancelled or otherwise expire without having been exercised or settled, or that are settled by cash or other non-share consideration, shall 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 exercises of SARs using the proportion of the total SAR that is exercised, rather than the number of shares actually issued. Any SARs that are not available under the A&R 2011 Plan. If we grant a SAR in tandem with an option for the same number of

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  
not restore shares to the A&R 2011 Plan.

ptions intended to qualify under Section 422 of the Code, nonstatutory stock options, stock appreciation rights, restricted stock, RSUs, and other

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  
s 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  
anner approved by) our board (or less than 110% of the fair market value in the case of incentive stock options granted to recipients holding more than  
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  
or a term in excess of 10 years (or, in excess of five years in the case of incentive stock options granted to recipients holding more than 10% of the  
an permits the following forms of payment of the exercise price of options: (i) payment by cash, check or in connection with a "cashless exercise"  
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

R, 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  
on, 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  
e 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  
may be granted independently or in tandem with an option. SARs may not be granted with a term in excess of 10 years.

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  
at that the conditions specified in the applicable award are not satisfied prior to the end of the applicable restriction period established for such award.  
reement, 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

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  
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,  
s 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  
with respect to which they were paid. A recipient will have no voting rights with respect to any RSUs unless and until shares of our common stock are

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 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 shares of our common stock or cash, as our board determines.

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 ascension and awards that are subject to Section 409A of the Code, pursuant to a qualified domestic relations order. During the life of the recipient, awards are

of the Code, our board 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 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, or to be 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 executes an 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.

eligible to receive awards under our A&R 2011 Plan; however, incentive stock options may only be granted to our employees.

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

Notwithstanding anything to the contrary, the aggregate amount of all compensation granted during any calendar year to any member of our board who is not an employee of our company under the A&R 2011 Plan (based on grant date fair value computed as of the date of grant in accordance with applicable financial accounting rules) and any cash retainer or meeting fee, or any award granted under the A&R 2011 Plan in lieu of any such cash retainer or meeting fee, shall not exceed \$1,000,000.

Notwithstanding anything to the contrary, we do not intend to grant awards to receive awards under the A&R 2011 Plan, including our named executive officers, our non-employee directors and certain consultants. The number and type of awards to be granted in the future to any particular person or group cannot now be determined.

option awards that have been made under the 2011 Plan to the individuals indicated below:

	<b>Stock Options</b>
	707,250
	133,500
	133,150
	217,000
	159,500
<i>Group</i>	1,538,900
	303,129
	51,382
	41,382
<i>Nominees</i>	
	707,250
<i>Executive Officers, as a Group</i>	8,893,790

stock on the Nasdaq Global Select Market was \$38.09 per share.

as 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 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 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 committee to administer certain aspects of the A&R 2011 Plan, including the granting of options and RSUs to executive officers, and has authorized a committee, to grant options and RSUs to non-executive employees, subject to limitations set by the compensation committee.

2011 Plan, our compensation committee selects the recipients of awards and determines:

covered by options and the dates upon which the options become exercisable;

not be less than 100%, or 110%, as applicable, of the fair market value of our common stock);

exceed 10 years, or five years, as applicable); and

subject to any SAR, award of restricted stock, RSU or other stock-based award and the terms and conditions of such awards, including conditions for repurchase price and vesting.



R 2011 Plan and any outstanding awards to reflect stock splits, reverse stock splits, stock dividends, recapitalizations, share combinations or  
zation, or any dividend or distribution to holders of our common stock, other than an ordinary cash dividend.

consequences of any reorganization event, which is defined as (i) any merger or consolidation of Pacira with or into another entity as a result of which all  
ht to receive cash, securities or other property, or is cancelled, (ii) any transfer or disposition of all of our common stock for cash, securities or other  
ii) our liquidation or dissolution.

any one or more of the following actions as to all or any (or any portion of) outstanding awards other than those relating to restricted stock on such  
ssumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written  
sed awards will terminate immediately prior to the consummation of the reorganization event unless exercised by the recipient (to the extent then  
h notice, (iii) provide that outstanding awards will become exercisable, realizable, or deliverable, or restrictions applicable to an award will lapse, in  
) in the event of a reorganization event under the terms of which holders of our common stock will receive upon consummation of the reorganization  
ization event, which we refer to as the acquisition price, make or provide for a cash payment to recipients with respect to each award held by a recipient  
the vested portion of the award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such reorganization event)  
over (II) the exercise, measurement or purchase price of such award and any applicable tax withholdings, in exchange for the termination of such  
dissolution, awards will convert into the right to receive liquidation proceeds (if applicable, net of the applicable exercise, measurement or purchase price  
of the foregoing. In taking any such actions, the board is not obligated by the A&R 2011 Plan to treat all awards, all awards held by a recipient, or all

liquidation or dissolution, our repurchase and other rights with respect to outstanding restricted stock will inure to the benefit of our successor and will,  
ities or other property which the common stock was converted into or exchanged for pursuant to such reorganization event in the same manner and to  
er, the board may provide for termination or deemed satisfaction of such repurchase or other rights in the restricted stock agreement or any other  
a reorganization event involving our liquidation or dissolution, unless otherwise provided for in the restricted stock agreement or any other agreement  
l restricted stock then outstanding will automatically be deemed terminated or satisfied.

A of the Code: (i) if the applicable RSU agreement provides that the RSUs will be settled upon a "change of control event" within the meaning of  
ization event constitutes such a "change of control event", then no assumption or substitution shall be permitted and the RSUs shall instead be settled in  
nd (ii) the Board may only

mination of the RSUs in exchange for an amount equal to the acquisition price over the purchase price and any applicable tax withholdings or proceeds if the reorganization event constitutes a "change of control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and/or such the reorganization event is not a "change of control event" or such action is not permitted or required by Section 409A of the Code, and the acquiring US, then the unvested RSUs will terminate immediately prior to the consummation of the reorganization event without any payment in exchange.

us or the acquisition by us of property or stock of an entity, our board may grant awards in substitution for any options or other stock or stock-based awards may be granted on such terms, as our board deems appropriate in the circumstances, notwithstanding any limitations on awards contained in the A&R 2011 Plan's overall share limit or any sublimit in the A&R 2011 Plan, except as may be required by the Code.

alization or a reorganization event, the A&R 2011 Plan provides that we may not, without stockholder approval:

R granted under the A&R 2011 Plan to provide an exercise or measurement price per share that is lower than the then-current exercise or measurement

either or not granted under the A&R 2011 Plan) and grant in substitution therefor new awards under the A&R 2011 Plan (other than as substitute awards different number of shares of our common stock and having an exercise or measurement price per share lower than the then-current exercise or ed award;

g stock options or SARs that then have exercise or measurement prices per share above the then-current fair market value of our common stock; or

ricing" within the meaning of the rules of the Nasdaq Stock Market.

o satisfy applicable securities, tax or other laws of various jurisdictions.

4, 2029, which, assuming the A&R 2011 Plan is approved by stockholders at the Annual Meeting, will be 10 years from the date of stockholder at date. Our board may amend, suspend or terminate the A&R 2011 Plan or any portion of the plan at any time, except that stockholder approval may be requirements.

modify or terminate any outstanding award, subject to limitations set forth in the A&R 2011 Plan. Such actions will require the approval of a recipient, and adversely affect such recipient's rights under the A&R 2011 Plan or the change is permitted under the A&R 2011 Plan. Our board may at any time in whole or in part, free from some or all restrictions or conditions, or otherwise realizable in or whole or in part, as the case may be.

the tax consequences that generally will arise with respect to awards granted under the A&R 2011 Plan. This summary is based on the federal tax laws in effect at the time this summary assumes that all awards are exempt from, or comply with, the rules under Section 409A of the Code regarding nonqualified deferred compensation arrangements described below.

incentive stock option. Also, except as described below, a recipient will not recognize income upon exercise of an incentive stock option if the recipient has not owned, directly or indirectly, more than 10% of the total amount of the corporation's stock at all times beginning with the option grant date and ending three months before the date the recipient exercises the option. If the recipient is a 10% owner at that time, then the recipient will be taxed as described below under "Nonstatutory Stock Options." The exercise of an incentive stock option may subject

the recipient to tax upon exercise of the option. If the recipient exercises the option at a profit (if sales proceeds exceed the exercise price). The type of income will depend on when the recipient sells the stock after the option was granted and more than one year after the option was exercised, then all of the profit will be long-term capital gain. If a recipient exercises the option and the recipient will have engaged in a disqualifying disposition and a portion of the profit may be ordinary income and a portion may be capital gain. The amount of the profit will be the value of the stock on the date the recipient exercised the option over the exercise price, and any remaining profit would constitute capital gain. This profit will be long-term if the recipient holds the stock for more than one year and otherwise will be short-term. If a recipient sells the stock at a loss (sales proceeds are less than the exercise price), then the recipient will recognize a capital loss. This capital loss will be long-term if the recipient held the stock for more than one year and otherwise will be short-term.

nonstatutory stock option. A recipient will recognize compensation income upon the exercise of a nonstatutory stock option equal to any excess of the value of the stock on the date of exercise over the exercise price. Upon sale of the stock, the recipient will recognize capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the day the option was exercised. This capital gain or loss will be long-term if the recipient has held the stock for more than one year and otherwise will be short-term.

A recipient generally will recognize compensation income upon the exercise of an SAR equal to the amount of the cash and the fair market value of the stock on the date of exercise of a SAR, the recipient will recognize capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the date of sale. If the recipient held the stock for more than one year and otherwise will be long-term. If the recipient held the stock for less than one year and otherwise will be short-term.

Stock that is subject to vesting conditions unless an election under Section 83(b) of the Code is made by the recipient within 30 days of the date of the grant, the recipient will recognize compensation income equal to any excess of the value of the stock over any purchase price paid for the stock. Upon sale of the stock, the recipient will recognize capital gain or loss equal to the difference between the sales proceeds and the recipient's tax basis in the stock, which generally is equal to the value of the stock on the date of sale. If the recipient held the stock for more than one year and one day from the grant date, and otherwise will be long-term. If the stock is forfeited due to the failure to make an election, there will be no deduction or loss with respect to the amount included in income by reason of the Section 83(b) election.

When vesting conditions become satisfied, the recipient will recognize compensation income equal to any excess of the value of the stock on the vesting date over the purchase price paid for the stock. Upon sale of the stock, the recipient will recognize capital gain or loss equal to the sales proceeds less the recipient's tax basis in the stock, which generally is equal to the value of the stock on the date of sale. If the recipient held the stock for more than one year from the applicable vesting date and otherwise will be long-term. If the recipient held the stock for less than one year and otherwise will be short-term.

RSU award. A recipient is not permitted to make a Section 83(b) election with respect to an RSU award. When the RSU award vests, the recipient will recognize compensation income in an amount equal to any excess of the fair market value of the stock on such date over the purchase price, if any, paid for the stock. Upon sale of the stock, the recipient will recognize capital gain or loss equal to the sales proceeds less the recipient's tax basis in the stock, which generally is equal to the value of the stock on the date of transfer. Any capital gain or loss will be long-term if the recipient held the stock for more than one year and otherwise will be short-term.

Award granted under the A&R 2011 Plan will vary depending on the specific terms of the award. Among the relevant factors are whether or not the award is subject to forfeiture provisions or restrictions on transfer, the nature of the property to be received by the recipient under the award and the type of underlying common stock.

extent that a recipient recognizes compensation income. Any such deduction may be subject to limitations under the Code, including Section 162(m).

h shares are currently authorized for issuance: our 2011 Plan, our 2014 Employee Stock Purchase Plan (the "2014 ESPP") and our 2014 Inducement Plan. However, the 2007 Plan has been terminated and no additional awards may be issued under the 2007 Plan. The following table provides information regarding the number of shares authorized for issuance under our equity compensation plans in 2018.

	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights</b> (a)	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights</b> (b)	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))(c)</b>
Approved by security holders:	213,633(1)\$	3.41	
	6,056,619(2)\$	43.05(2)	1,539,128(3) 275,113
Not approved by security holders:	30,530(1)\$	64.21	138,424(3)
	6,300,782 \$	41.69	1,952,665(3)

stock options and 577,964 shares subject to unvested RSUs. The weighted-average exercise price for the 2011 Plan only relates to the outstanding stock options.

The 2014 Inducement Plan includes stock options, SARs, restricted stock, RSUs and other stock-based awards.

In connection with our Company, we granted to 17 new non-executive employees an option to purchase shares of our common stock with an exercise price of \$10.00 per share as reported on the Nasdaq Global Select Market on April 15, 2014, under our 2014 Inducement Plan as approved by our board. Each option has a term of 10 years and vests in equal increments of 20% of the option shares on the first anniversary of the employee's commencement of employment with us, with the remaining option shares having vested in equal increments of 20% of the option shares subject to continued employment with us as of each vesting date. The material terms of the 2014 Inducement Plan are substantially similar to the 2011 Plan.

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in effect, after January 1, 2018 to which we have been a party, in which the amount involved in the transaction exceeds \$120,000, and in which any of our directors, executive officers or beneficial owners of more than 5% of our voting securities, or affiliates or immediate family members of any of our directors, executive officers or beneficial owners of more than 5% of our voting securities, has a material interest. We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described above would be paid or received, as applicable, from unrelated third parties.

Development and Commercialization Agreement and related Supply Agreement with Aratana Therapeutics, Inc. ("Aratana"). Laura Brege, one of our directors, is eligible to receive up to an additional aggregate \$40.0 million upon the achievement of certain commercial milestones.

## RELATED PERSON TRANSACTIONS

Our policy which sets forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers any related person transactions, arrangements or relationships in which we were, or are to be, a participant, the amount involved exceeds \$120,000, and a related person is a director, executive officer, or beneficial owner of more than 5% of our voting securities, or an affiliate, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, or is a director, executive officer, or beneficial owner of more than 5% of the equity of a related person.

Such transactions are required to be reported to our chief financial officer and be reviewed and approved by the audit committee in accordance with the terms of the policy, whenever practicable. If our chief financial officer determines that advance approval of a related person transaction is not practicable under the policy, our chief financial officer, in the absence of the audit committee, may ratify the related person transaction at the next meeting of the audit committee, or at the next meeting following the date that the related person transaction was approved by our chief financial officer. Our chief financial officer, however, may present a related person transaction arising in the time period between meetings of the audit committee to the audit committee and may approve the related person transaction, subject to ratification by the audit committee at the next meeting of the audit committee.

Such transactions that are approved by the audit committee or otherwise already existing that is ongoing in nature will be reviewed by the audit committee annually to ensure that such transactions are consistent with the previous approval granted by the audit committee, if any, and that all required disclosures regarding the related person transaction are made.

Such transactions will be reviewed and approved by the compensation committee in the manner specified in the charter of the compensation committee.

Such transactions will be considered approved or ratified if it is authorized by the audit committee in accordance with the standards set forth in our related person

interests in the transaction. As appropriate for the circumstances, the audit committee will review and consider:

person transaction;

involved in the related person transaction;

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

the ordinary course of business;

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

us of, the transaction; and

person transaction or the related person in the context of the proposed transaction that would be material to stockholders in light of the circumstances

to it about the related person transaction. The audit committee may approve or ratify the related person transaction only if the audit committee is in, or is not inconsistent with, our best interests. The audit committee may, in its sole discretion, impose conditions as it deems appropriate on us or person transaction. All transactions disclosed above were reviewed and approved by the audit committee in accordance with our related person

## **DIRECTORS**

indemnify each of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Further, we have entered into ers, and we have purchased a policy of directors' and officers' liability insurance that insures our directors and officers against the cost of defense, es.

by us or ascertainable from public filings, regarding the beneficial ownership of our common stock as of March 31, 2019 (except where otherwise

who is known by us to beneficially own more than 5% of our common stock; and

s a group.

les. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with issuable upon the exercise of stock options that are immediately exercisable or exercisable within 60 days of March 31, 2019. Except as otherwise common stock and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to necessarily indicative of beneficial ownership for any other purpose.

based on 41,288,703 outstanding shares of our common stock at the close of business on March 31, 2019. Except as otherwise indicated in the table Pacira BioSciences, Inc., 5 Sylvan Way, Suite 300, Parsippany, New Jersey 07054.

ly owned by a person and the percentage ownership of that person, we deemed shares of common stock subject to options held by that person that are 1, 2019 to be outstanding. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other listed with an asterisk (\*).



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Number of Shares Beneficially Owned	Percentage Beneficially Owned
3,785,145	9.2%
3,652,134	8.8%
3,331,529	8.1%
2,498,128	6.1%
2,136,332	5.2%
780,523	1.9%
40,534	*
5,306	*
37,534	*
30,436	*
42,184	*
42,570	*
185,462	*
950,362	2.3%
70,638	*
32,005	*
99,550	*
76,972	*
2,394,076	5.8%

Rule 13G/A filed by The Vanguard Group with the SEC on February 11, 2019 reporting on beneficial ownership as of December 31, 2018. The address is 100 North 17th Street, Philadelphia, Pennsylvania 19103.

Rule 13D filed by Consonance Capital Management LP with the SEC on October 22, 2018 reporting on beneficial ownership as of October 16, 2018. The address is 1370 Avenue of the Americas, 33rd Floor, New York NY 10019.

Rule 13G/A filed by BlackRock, Inc. with the SEC on February 14, 2019 reporting on beneficial ownership as of December 31, 2018. The address for BlackRock, Inc. is 40 Wall Street, New York 10055.

Rule 13G/A filed by HealthCor Management, L.P. with the SEC on February 14, 2019 reporting on beneficial ownership as of December 31, 2018. The address is 100 Broadway, 28th Floor, New York, NY 10001.

Rule 13G filed by Macquarie Group Limited with the SEC on February 14, 2019 reporting on beneficial ownership as of December 31, 2018. The address is 11 Macquarie Place Sydney, New South Wales, Australia.

Directly by Stack Schroon Mohawk FLP, (ii) 1,208 shares of common stock held indirectly by LCK Investment LLC, and (iii) 702,115 shares of common stock held by Stack Schroon Mohawk FLP, exercisable within 60 days of March 31, 2019. Mr. Stack is the general partner of Stack Schroon Mohawk FLP. Mr. Stack and his wife are the owners of Stack Schroon Mohawk FLP.

Options that are exercisable within 60 days of March 31, 2019.

Options that are exercisable within 60 days of March 31, 2019.



on exercise of stock options that are exercisable within 60 days of March 31, 2019.

on exercise of stock options that are exercisable within 60 days of March 31, 2019.

on exercise of stock options that are exercisable within 60 days of March 31, 2019.

on exercise of stock options that are exercisable within 60 days of March 31, 2019.

on exercise of stock options that are exercisable within 60 days of March 31, 2019.

HBM Healthcare Investments (Cayman) Ltd. (formerly HBM BioVentures AG) ("HBM"). The board of directors of HBM has sole voting and such entity and acts by majority vote. The board of directors of HBM is comprised of Jean-Marc LeSieur, Richard H. Coles, Sophia Harris, Dr. Andreas Woodhouse, none of whom has individual voting or investment power with respect to such shares.

on exercise of stock options that are exercisable within 60 days of March 31, 2019.

on exercise of stock options that are exercisable within 60 days of March 31, 2019.

on exercise of stock options that are exercisable within 60 days of March 31, 2019.

upon exercise of stock options that are exercisable within 60 days of March 31, 2019.

upon exercise of stock options that are exercisable within 60 days of March 31, 2019.

## **OWNERSHIP REPORTING COMPLIANCE**

Persons holding more than 10 percent of our common stock must report their initial ownership of the common stock and any changes in that ownership in also must be furnished to us. The SEC has designated specific deadlines for these reports, and we must identify in this proxy statement those persons

representations provided to us, all directors, executive officers, and 10 percent owners timely filed all reports regarding transactions in our securities  
age Act.

participating in the practice of "householding" proxy statements and annual reports. This means that only one Notice or set of proxy materials, copy of  
d proxy statement, may have been sent to multiple stockholders in your household, unless you have provided contrary instructions. We will promptly  
or oral request to Pacira BioSciences, Inc., 5 Sylvan Way, Suite 300, Parsippany NJ, 07054 Attention: Secretary, telephone: (973) 254-3560. If you  
or annual report to stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should  
n record holder, or you may contact us at the above address and phone number.

or inclusion in our 2020 proxy statement must submit the proposal so that it is received by us no later than December 24, 2019, unless the date of our  
before or after June 4, 2020, in which case the proposal must be received a reasonable time before we begin to print and send our proxy materials. SEC  
holder proposals that may be excluded from a proxy statement. Stockholder proposals should be addressed to Pacira BioSciences, Inc., 5 Sylvan Way,

al rules, our Bylaws require that advance written notice in proper form for matters to be brought before an annual stockholders meeting be received by  
in 120 days before the first anniversary date of the immediately preceding annual stockholders meeting. Accordingly, notice of stockholder proposals  
by us between February 5, 2020 and March 6, 2020. If the date of our 2020 Annual Meeting of Stockholders is advanced more than 20 days before, or  
of stockholders proposals must be received as provided for in our Bylaws.

for the Annual Meeting. If any other matters not mentioned in this proxy statement are properly brought before the Annual Meeting, the individuals holding authority under the proxy to vote the proxy in accordance with their best judgment on those matters.

Member of the Board of Directors,

Steven Williams  
Steven Williams  
*Administrative Officer and Secretary*

**PACIRA PHARMACEUTICALS, INC.**

**AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN**

(As approved by stockholders on \_\_\_\_\_, 2019)

entive Plan (the "**Plan**") of Pacira Pharmaceuticals, Inc., a Delaware corporation (the "**Company**"), is to advance the interests of the Company's  
in and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership  
ed to better align the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term  
diary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "**Code**")  
without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors

s well as consultants and advisors to the Company (as the terms consultants and advisors are defined and interpreted for purposes of Form S-8 under the  
ny successor form) are eligible to be granted Awards under the Plan. Each person who is granted an Award under the Plan is deemed a "**Participant**."  
fined in Section 6), Restricted Stock (as defined in Section 7), Restricted Stock Units (as defined in Section 7) and Other Stock-Based Awards (as

ll be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines  
e Board may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Board may correct any defect,  
or any Award in the manner and to the extent it shall deem expedient and it shall be the sole and final judge of such expediency. All decisions by the  
final and binding on all persons having or claiming any interest in the Plan or in any Award.

ed by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a  
ean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan

pplicable law, the Board may delegate to one or more officers of the Company the power to grant Options and other Awards that constitute rights  
to employees or officers of the Company

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may determine, *provided* that the Board shall fix the terms of such Awards to be granted by such officers (including the exercise price of such Awards, to be determined) and the maximum number of shares subject to such Awards that the officers may grant; *provided further*, however, that no officer shall be granted Awards of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) or to any "officer" of the Company. The Board may not delegate authority under this Section 3(c) to grant Restricted Stock, unless Delaware law then permits such delegation.

adjustment under Section 9, Awards may be made under the Plan (any or all of which Awards may be in the form of Incentive Stock Options, as defined in Section 83(b) of the Internal Revenue Code, or of common stock, \$0.001 par value per share, of the Company (the "**Common Stock**") as is equal to the sum of:

Common Stock; plus

Common Stock (up to 2,112,190 shares) as is equal to the number of shares of Common Stock subject to awards granted under the Company's Second Incentive Stock Issuance Plan (the "**Existing Plan**") which awards expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company pursuant to a contractual repurchase right (subject, however, in the case of Incentive Stock Options to any limitations of the Code).

shall consist of an aggregate of 14,954,537 shares of Common Stock as set forth in Section 4(a)(1)(A) and Section 4(a)(1)(B) above and (ii) may consist in whole or in part of any shares.

the number of shares available for the grant of Awards under the Plan:

exercised by SARs shall be counted against the number of shares available for the grant of Awards under the Plan; *provided, however*, that (i) SARs that are exercised shall be counted and (ii) if the Company grants an SAR in tandem with an Option for the same number of shares of Common Stock and provides that only one SAR shall be exercised ("**SAR**"), only the shares covered by the Option, and not the shares covered by the Tandem SAR, shall be so counted, and the expiration of one in such case shall not restore shares to the Plan;

terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or (ii) results in any Common Stock not being issued or being repurchased (whether payable in cash or in stock actually being settled in cash), the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. (1) in the case of Incentive Stock Options, the foregoing shall be subject to any limitations under the Code, (2) in the case of the exercise of an SAR, the number of shares available under the Plan and against the

tion 4(a)(2) shall be the full number of shares subject to the SAR multiplied by the percentage of the SAR actually exercised, regardless of the number upon exercise and (3) the shares covered by a Tandem SAR shall not again become available for grant upon the expiration or termination of such

ed (either by actual delivery, attestation, or net exercise) to the Company by a Participant to (i) purchase shares of Common Stock upon the exercise of obligations (including shares retained from the Award creating the tax obligation) shall not be added back to the number of shares available for the future

adjustment under Section 9, the maximum number of shares of Common Stock with respect to which Awards may be granted to any Participant under the foregoing limit, the combination of an Option in tandem with an SAR shall be treated as a single Award. The per Participant limit described in this Section 162(m) of the Code or any successor provision thereto, and the regulations thereunder ("**Section 162(m)**").

consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in lieu of Awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, and may be subject to the overall share limit set forth in Section 4(a)(1) or any sublimit contained in the Plan, except as may be provided in the Code.

Notwithstanding any provision in the Plan to the contrary, the aggregate amount of all compensation granted during any calendar year to any member of the Board who is not a director (based on grant date fair value computed as of the date of grant in accordance with applicable financial accounting rules) and any cash retainer or meeting fee or honorarium, or any Award granted in lieu of any such cash retainer or meeting fee, shall not exceed \$1,000,000.

For purposes of determining the number of shares of Common Stock to be covered by each Option, the exercise price of each Option shall be the fair market value of the Common Stock (each, an "**Option**") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

An Option that is intended to be an "incentive stock option" as defined in Section 422 of the Code (an "**Incentive Stock Option**") shall only be granted to employees of the Company or its parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code at the time of grant, and any other entities the employees of which are not subject to and shall be construed consistently with the requirements of Section 422 of the Code. An Option that is not intended to be an "incentive stock option" shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. An Option that is not intended to be an "incentive stock option." The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) that is intended to be an "incentive stock option" and the Company converts an Incentive Stock Option to a Nonstatutory Stock Option.



exercise price of each Option and specify the exercise price in the applicable Option agreement. The exercise price shall be not less than 100% of the fair market value (in a manner approved by) the Board ("**Fair Market Value**") on the date the Option is granted; *provided* that if the Board approves the grant of an Option, the exercise price shall be not less than 100% of the Fair Market Value on such future date.

Options shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement; *provided, however*, that no

delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with payment in full (in the amount of the exercise price and any required tax withholding) for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as

possible upon the exercise of an Option granted under the Plan shall be paid for as follows:

(a) Payment to the Company;

by delivery of cash or the equivalent in any form (including a check or a money order) or by delivery of any sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of a check or money order from a reputable broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(b) Payment to the Company by delivery of shares of Common Stock of the Company having a Fair Market Value, provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, shall be delivered to the Participant as soon as practicable after the date of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, or other restriction;

(c) Payment to the Company by delivery of a notice of "net exercise" to the Company, as a condition to the exercise of the Option, of the number of shares underlying the portion of the Option being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the Option being exercised and (B) the Fair Market Value on the date of exercise;

(d) Payment to the Company by delivery of such other lawful consideration as the Board may determine to be appropriate and provided for in the applicable Option agreement or approved by the Board, in its sole discretion, by payment of such other lawful consideration as the Board may determine to be appropriate.

(e) Payment to the Company by such other forms of payment.

(f) Payment to the Company by such other forms of payment as the Board may determine to be appropriate. Notwithstanding the foregoing, the Company may not (except as provided for under Section 9): (1) amend any outstanding Option granted under the Plan to increase the exercise price per share of such

or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(c)) Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for a share above the then-current Fair Market Value or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the

of stock appreciation rights ("**SARs**") entitling the holder, upon exercise, to receive an amount of Common Stock or cash or a combination thereof (such as appreciation, from and after the date of grant, in the Fair Market Value of a share of Common Stock over the measurement price established pursuant to the Plan) determined shall be the exercise date.

measurement price of each SAR and specify it in the applicable SAR agreement. The measurement price shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant. If the Board approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the Fair Market Value on such future date.

at such times and subject to such terms and conditions as the Board may specify in the applicable SAR agreement; *provided, however*, that no SAR will be exercised unless the holder has first received approval from the Board.

to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with any other documents required by the Plan.

Company's stockholders, the Board may not (except as permitted under Section 9) (1) amend any outstanding SAR granted under the Plan to provide a measurement price per share of such outstanding SAR, (2) cancel any outstanding stock appreciation right (whether or not granted under the Plan) and (3) grant Awards granted pursuant to Section 4(c) covering the same or a different number of shares of Common Stock and having a measurement price per share above the measurement price of the cancelled stock appreciation right, (3) cancel in exchange for a cash payment any outstanding SAR with a measurement price per share above the measurement price of the cancelled SAR or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the Nasdaq Stock Market.

recipients to acquire shares of Common Stock ("**Restricted Stock**"), subject to the right of the Company to repurchase all or part of such shares at their fair market value (or the cost of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied as determined by the Board for such Award. The Board may also grant Awards entitling the recipient to receive shares of Common Stock or cash to be determined by the Board (Restricted Stock and Restricted Stock Units are each referred to herein as a "**Restricted Stock Award**").

1/s. The Board shall determine the terms and conditions of a Restricted Stock Award, including the conditions for vesting and repurchase (or

the applicable Award agreement, any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of  
l to the Participant only if and when such shares become free from the restrictions on transferability and forfeitability that apply to such shares. Each  
than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month  
ility and the forfeitability provisions applicable to the underlying shares of Restricted Stock.

quire that any stock certificates issued in respect of shares of Restricted Stock, as well as dividends or distributions paid on such Restricted Stock, shall  
with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such  
ect to such restrictions to the Participant or if the Participant has died, to his or her Designated Beneficiary. "**Designated Beneficiary**" means (i) the  
e Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or (ii) in the absence of an  
s estate.

inits.

psing of any other restrictions (i.e., settlement) with respect to each Restricted Stock Unit, the Participant shall be entitled to receive from the Company  
applicable Award agreement) an amount of cash equal to the Fair Market Value of one share of Common Stock. The Board may, in its discretion,  
ll be deferred, on a mandatory basis or at the election of the Participant in a manner that complies with Section 409A of the Code.

o voting rights with respect to any Restricted Stock Units.

ment for Restricted Stock Units may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and  
mmon Stock ("**Dividend Equivalents**"). Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash  
to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which paid, in each case to the extent provided in the

k, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property, may be  
"). Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the

ant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Board shall determine.

f the Plan, the Board shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price applicable thereto.

#### Other Events

stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in shares of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of the repurchase price per share subject to each outstanding Restricted Stock Award and (vi) the share and per-share-related provisions and the purchase price shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Board. Without limiting its effect, in the event of a stock split or a stock dividend, then an optionee who exercises an Option between the record date and the distribution date for such dividend, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not subject to such stock dividend.

shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property or (c) any liquidation or dissolution of the Company.

#### *Other Awards Other than Restricted Stock.*

Reorganization Event, the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock Awards (except to the extent specifically provided otherwise in an applicable Award agreement or another agreement between the Company and the Participant): (i) upon the consummation of such Reorganization Event, all of the Participant's unexercised Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant within a specified period following the date of such notice, (ii) provide that outstanding Awards shall become exercisable, realizable, or deliverable, or shall be paid, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of the Common Stock are entitled to receive in lieu of their shares thereof a cash payment for each share surrendered in the Reorganization Event (the "**Acquisition Price**"),

Participants with respect to each Award held by a Participant equal to (A) the number of shares of Common Stock subject to the vested portion of the Award (or the portion of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over the fair market value of such Award and any applicable tax withholdings, in exchange for the termination of such Award, (v) provide that, in connection with a Reorganization Event, all Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings) or a combination of the foregoing. In taking any of the actions permitted under this Section 9(b)(2), the Board shall not be obligated by the Plan to treat all Awards of the same type, identically.

Section 9(b)(2)(A), in the case of outstanding Restricted Stock Units that are subject to Section 409A of the Code: (i) if the applicable Restricted Stock Units shall be settled upon a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), and the occurrence of such "change in control event", then no assumption or substitution shall be permitted pursuant to Section 9(b)(2)(A)(i) and the Restricted Stock Units shall be settled in accordance with the terms of the applicable Restricted Stock Unit agreement; and (ii) the Board may only undertake the actions set forth in clauses (iii), (iv) or (v) of Section 9(b)(2)(A) if such action constitutes a "change in control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and/or such action is permitted or required by Section 409A of the Code, and the Board may not assume or substitute the Restricted Stock Units pursuant to clause (i) of Section 9(b)(2)(A), then the unvested Restricted Stock Units shall terminate upon the consummation of the Reorganization Event without any payment in exchange therefor.

(v) (i), an Award (other than Restricted Stock) shall be considered assumed if, following consummation of the Reorganization Event, such Award confers the same economic benefit as the Award (or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however,* that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or other property) and, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise or settlement of the Award to be common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of consummation of the Reorganization Event) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

*Upon Reorganization of Restricted Stock.* Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other obligations with respect to Restricted Stock shall inure to the benefit of the Company's successor and shall, unless the Board determines otherwise, apply to the cash, securities or other property received into or exchanged for pursuant to the Reorganization Event.

d to the same extent as they applied to such Restricted Stock; *provided, however*, that the Board may provide for termination or deemed satisfaction of evidencing any Restricted Stock or any other agreement between a Participant and the Company, either initially or by amendment. Upon the occurrence or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock or any other All restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

d, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by case of an Incentive Stock Option and Awards that are subject to Section 409A of the Code, pursuant to a qualified domestic relations order, and, the Participant; *provided, however*, except with respect to Awards that are subject to Section 409A of the Code, that the Board may permit or provide in participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate e a Form S-8 under the Securities Act for the registration of the sale of the Common Stock subject to such Award to such proposed transferee; *provided* y such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, in case of doubt, nothing contained in this Section 10(a) shall be deemed to restrict a transfer to the Company.

such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth

of the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the

the effect on an Award of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the status of the Participant, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may

able federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or other instruments of ownership. The Company may decide to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to do so, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding amount. If the Company will issue any shares on exercise, vesting or release from forfeiture of an Award or at the same time as payment of the exercise or

provided for in an Award or approved by the Board in its sole discretion, a Participant may satisfy such tax obligations in whole or in part by delivery of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; *provided, however*, except as otherwise stated, the amount of Common Stock being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding requirements, that are applicable to such supplemental taxable income). Shares used to satisfy tax withholding requirements cannot be subject to any other restrictions.

Under Sections 5(g) and 6(e) with respect to repricings, the Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting one Award for another, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option. The Participant's consent to such action, taken into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under the Plan.

A Participant will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered to the Participant or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance of the Award, including applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed all necessary documents as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

Notwithstanding that any Award shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, the Award shall remain subject to the terms and conditions of the Plan.

A Participant shall have no claim or right to be granted an Award by virtue of the adoption of the Plan, and the grant of an Award shall not be construed as giving any special relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant without cause as expressly provided in the applicable Award.

Except as provided in the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock until the Participant becomes the record holder of such shares.

The Plan shall become effective on the date the Plan is approved by the Company's stockholders (the "*Effective Date*"). No Awards shall be granted under the Plan after the date of the Plan previously granted may extend beyond that date.

The Board may amend or terminate the Plan or any portion thereof at any time provided that (i) to the extent required by Section 162(m), no Award granted to a Participant shall be subject to the provisions of the Plan after the date of the Plan.

...the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award, unless and until the Company's stockholders (2)(m); and (ii) no amendment that would require stockholder approval under the rules of the Nasdaq Stock Market may be made effective unless and in addition, if at any time the approval of the Company's stockholders is required as to any other modification or amendment under Section 422 of the Securities Act of 1933, the Board may not effect such modification or amendment without such approval. Unless otherwise specified in the amendment, any provisions of Section 11(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, provided the Board's action does not materially and adversely affect the rights of Participants under the Plan.

*non-U.S. Employees*). The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable provisions. The Board shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable, and (ii) such conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be binding only on Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction.

As provided in individual Award agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit payable to a Participant with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and (ii) such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation" (the "**New Payment Date**"), except as Section 409A of the Code may then permit. The aggregate of any payments that otherwise would have been paid to a Participant from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments shall be paid to the Participant on the New Payment Date.

The Company shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to be exempt from Section 409A of the Code but do not to satisfy the conditions of that section.

Under the provisions of the Plan, no individual acting as a director, officer, employee or agent of the Company will be liable to any Participant, former Participant or beneficiary for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any action taken in his or her capacity as a director, officer, employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, employee or agent of the Company whose administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability incurred by such individual in connection with the Plan.



's approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles and the laws of a jurisdiction other than the State of Delaware.

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