

VALEANT PHARMACEUTICALS INTERNATIONAL
Form 8-K
January 11, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of the earliest event reported): January 5, 2010
Valeant Pharmaceuticals International
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-11397
(Commission File Number)

33-0628076
(I.R.S Employer
Identification No.)

One Enterprise
Aliso Viejo, California 92656
(Address of principal executive offices) (Zip Code)
(949) 461-6000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 5, 2010, upon the recommendation of the Compensation Committee of the Board of Directors of Valeant Pharmaceuticals International (the Company), the Board of Directors of the Company (the Board) approved the annual incentive plan for fiscal year 2010 (the 2010 AIP).

Plan Overview

The 2010 AIP is part of the overall compensation for senior management and provides for an annual cash incentive bonus determined in accordance with the Company's pay for performance philosophy. The Company's named executive officers and other members of the Company's senior management team (each, an Eligible Participant) are the only employees eligible to participate in the 2010 AIP. An Eligible Participant's bonus award is prorated based on the number of full months the Eligible Participant is employed for the period of eligibility during 2010 and an Eligible Participant must be hired before October 1, 2010 to be eligible for a bonus payment under the 2010 AIP. Participation in the 2010 AIP precludes participation in any other annual cash incentive plan, sales compensation plan, or special retention program unless specifically approved by the chief executive officer of the Company.

How Awards are Determined

The bonus awards under the 2010 AIP are based on the achievement of financial and individual performance measures and either Company-wide strategic initiatives or initiatives specific to the Company division to which the Eligible Participant belongs.

Threshold Financial Goals. Each division or business unit of the Company must meet specific minimum financial goals tied to revenues, cash flow and/or earnings which, if not met, could result in the reduction or elimination of bonus awards for the applicable Eligible Participants. Each corporate function must also meet certain cost targets, which if not met, could result in the reduction or elimination of bonus awards for the applicable Eligible Participants.

Initiatives. Bonus awards for Eligible Participants also will be based in part on specific initiatives for their respective division or business unit and on Company-wide strategic initiatives.

The amount of bonus paid under the 2010 AIP is based on the Eligible Participant's target bonus, which is a specified percentage of the Eligible Participant's base salary. The amount of bonus paid to an Eligible Participant, as a percentage of the Eligible Participant's target bonus, is based on the performance of the individual, the division to which the individual belongs and the Company. An Eligible Participant could earn between 0% and 200% of the Eligible Participant's target bonus.

The chief executive officer will review the degree to which each division has met financial goals (including whether the threshold financial goals have been met to allow any payout at all under the 2010 AIP), the degree to which the Company-wide or specific division or business unit initiatives have been achieved, and the individual performance of each Eligible Participant (other than the chief executive officer, whose performance will be evaluated by the Compensation Committee and the Board) and recommend to the Compensation Committee the aggregate amount to be paid under the 2010 AIP to the Eligible Participants other than the chief executive officer. Based on the chief executive officer's recommendation (other than with respect to himself) to the Compensation Committee and the Compensation Committee's recommendation to the Board, the Board determines the specific amount of bonus to be paid to the Company's most senior executives (including the chief executive officer, chief financial officer, chief administrative officer, the general counsel, the president, the chief operating officer and certain other business executives) and the aggregate amount to be paid to all other participants in the 2010 AIP (the Bonus Pool Group). Unless the Board specifies otherwise, the chief executive officer has the discretion to increase or decrease the amounts of awards to members of the Bonus Pool Group, but the aggregate bonus awards paid to the Bonus Pool

Group cannot exceed the aggregate amount approved by the Board for this group.

Payout of Awards

The Company believes that compensation should be aligned with total shareholder return. As a result, the Board reserves the right, in its discretion, to terminate the 2010 AIP based on the Company's weak financial performance or significant diminution in the Company's stock price, in each case as determined by the Board.

Payments under the 2010 AIP are made in cash (paycheck), in local currency. Customarily, the Company makes the payments within 2-1/2 months following the end of the fiscal year but not before the release of year-end results. An Eligible Participant's award is subject to applicable withholdings.

Changes in an Eligible Participant's Employment Status

If an Eligible Participant leaves the Company before payments under the 2010 AIP are made, eligibility for the Eligible Participant's award will depend on the reason the Eligible Participant is leaving.

Death, Disability, or Retirement If an Eligible Participant's employment with the Company is terminated because of death, disability or retirement, the Eligible Participant's award will be pro-rated based on the number of full months the Eligible Participant has been employed during the year. The pro-rated award will be paid at the time payments under the 2010 AIP are made to all participants.

Other Reasons If the Eligible Participant resigns, or the Eligible Participant's employment is terminated other than due to death, disability or retirement, before the awards under the 2010 AIP are paid, the Eligible Participant forfeits his or her award.

If an Eligible Participant has a separate agreement covering payment of bonus as it relates to a change in employment status, the Eligible Participant shall receive the greater of the amount payable under any such agreement or the 2010 AIP.

SIGNATURES

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

Date: January 11, 2010

VALEANT PHARMACEUTICALS
INTERNATIONAL

/s/ Steve T. Min
Steve T. Min
Executive Vice President and General
Counsel

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