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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 21, 2013**

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**Cadence Pharmaceuticals, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-33103**  
(Commission  
File Number)

**41-2142317**  
(IRS Employer  
Identification No.)

**12481 High Bluff Drive, Suite 200**  
**San Diego, California 92130**  
(Address of principal executive offices, including zip code)

**(858) 436-1400**  
(Registrant's telephone number, including area code)

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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 (see General Instruction A.2. below):

- 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.**

At a meeting held on November 21, 2013, the Compensation Committee of the Board of Directors (the “Board”) of Cadence Pharmaceuticals, Inc. (the “Company”) approved the Company’s 2014 Corporate Bonus Plan (the “2014 Corporate Bonus Plan”). The terms of the 2014 Corporate Bonus Plan establish a target bonus amount for each level of Company employee, including the Company’s executive officers, which is expressed as a percentage of base salary. The target bonus amount for the President/Chief Executive Officer was set at 75% of base salary and the target bonus amount for each Executive Vice President/Senior Vice President was set at 45% of base salary. For executive officers, bonus payments will be based on the Company’s achievement of its annual corporate performance goals. The Compensation Committee (or the Board in the case of the President/CEO) has discretion to adjust an executive officer’s bonus based on individual performance with respect to corporate objectives from a range of 0% up to 150% of the target bonus amount. Bonus award payments may be made in cash, through the issuance of stock, stock options or another form of equity award, or by a combination of cash, stock, stock options and/or another form of equity award, at the discretion of the Compensation Committee.

The Board, based on a recommendation by the Compensation Committee, also adopted an Amended and Restated Director Compensation Policy, effective November 21, 2013 (the “Director Compensation Policy”), which establishes the compensation of the non-employee members of the Board. Each non-employee director is entitled to receive an annual retainer of \$45,000, a non-qualified option to purchase 37,500 shares of the Company’s common stock on the date of his or her initial election or appointment to the Board, and a non-qualified option to purchase an additional 25,000 shares of the Company’s common stock on the date of each annual meeting of stockholders. Additional retainers are paid for service as the chairman of the Board and for participation on the committees of the Board.

The foregoing descriptions are summaries only, are not necessarily complete, and are qualified by the full text of the 2014 Corporate Bonus Plan and the Director Compensation Policy, which are filed as exhibits to this Current Report on Form 8-K.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	2014 Corporate Bonus Plan
10.2	Amended and Restated Director Compensation Policy, effective November 21, 2013

**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.

CADENCE PHARMACEUTICALS, INC.

By: /s/ William R. LaRue  
William R. LaRue  
Senior Vice President, Chief Financial Officer,  
Treasurer and Assistant Secretary

Date: November 26, 2013

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**EXHIBIT INDEX**

<b><u>Exhibit Number</u></b>	<b><u>Description of Exhibit</u></b>
10.1	2014 Corporate Bonus Plan
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**CADENCE PHARMACEUTICALS, INC.**  
**BONUS PLAN**  
**Effective January 1, 2014**

**INTRODUCTION AND PURPOSE**

The Cadence Pharmaceuticals, Inc. (“*Cadence*” or the “*Company*”) Bonus Plan (the “*Plan*”) is designed to reward eligible employees for the achievement of corporate objectives, as well as measured individual objectives that are consistent with and support the overall corporate objectives. Since cooperation between departments and employees will be required to achieve corporate objectives that represent a significant portion of the Plan, the Plan should help foster teamwork and build a cohesive management team.

The Plan is designed to:

- Encourage high performance by providing an incentive program to achieve overall corporate objectives and to enhance shareholder value.
- Reward those individuals who significantly impact corporate results.
- Encourage increased teamwork among all disciplines within Cadence.
- Incorporate an incentive program in the Cadence overall compensation program to help attract and retain employees.
- Provide an incentive for eligible employees to remain employed by Cadence through and beyond the payout of any earned bonus.

**ELIGIBILITY**

All regular employees are eligible to participate in the Plan. Employees are not eligible if included in a separate formal incentive plan provided by the Company. In order to be eligible, a participant must have been in an eligible position for at least three (3) full consecutive months prior to the end of the Plan year, and the participant must remain employed through the end of the Plan year and until awards are paid. If the participant is not employed on the date awards are paid, the participant will not have earned any bonus. If the participant has been subject to a performance improvement plan or other disciplinary procedure during the Plan year, any award to such individual will be at the discretion of the President and CEO or the Compensation Committee of the Board of Directors (the “*Compensation Committee*”).

**Change in Status During the Plan Period:**

- a. *Participants hired during the Plan year:*
  - Participants hired during the Plan year are eligible for a prorated award based on the number of months employed in an eligible position.
  - Participants hired after the end of the third quarter are not eligible to participate for the plan year.
- b. *Promotion/change in level:*
  - For promotions that occur after March 31 of the applicable Plan year but prior to October 1 of the applicable Plan year, the calculation will be prorated, based on the number of months at each bonus percentage level.
  - If the promotion occurred on or after October 1<sup>st</sup> of the applicable Plan year, the entire calculation will be based on the bonus percentage applicable prior to the promotion.
- c. *Transfer to a position that is included in a separate formal Incentive Plan:* Awards will be prorated using the same discipline as outlined for promotions above and in the formal Incentive Plan.
- d. *Termination of employment:*
  - If a participant’s employment is terminated voluntarily prior to the date awards are paid, the participant will not be eligible to receive an award.
  - If a participant’s employment is terminated involuntarily prior to the date awards are paid, it will be at the absolute discretion of the Company whether or not an award payment is made.
- e. *Leave of Absence:* If a participant is on leave of absence for more than one month during the Plan year, award will be prorated based on the number of months of active work in the year.

## **AWARD CALCULATION**

Awards will be determined by applying a “bonus percentage” to the participant’s base salary in effect at the end of the Plan year. While the Compensation Committee may change the bonus percentage for any Plan year, the following bonus percentages will initially be used for this purpose:

<b><u>Position Title</u></b>	<b><u>Bonus Percentage</u></b>
President/CEO	75%
EVP, SVP	45%
VP	35%
Executive Director, Senior Director	25%
Director	20%
Medical Science Liaison	15%
Associate Director, Senior Manager	15%
Manager	10%
Analyst/Specialist	8%
Administrative/Accounting Associate	6%

### **Corporate and Individual Performance Factors**

The President and/or CEO will present to the Compensation Committee a list of the overall corporate objectives for the applicable Plan year, which are subject to approval by the Compensation Committee. All participants in the Plan whose performance is measured in part based on individual performance factors will then develop a list of key individual objectives, which must be approved by the responsible Vice President, Senior Vice President, or President and/or CEO.

The relative weight between corporate and individual performance factors varies based on the individual’s assigned level within the organization. The weighting may be reviewed periodically and may be adjusted for any Plan year. The weighting for the performance factors will initially be as follows:

	<u>Corporate</u>	<u>Individual</u>
President/CEO	100%	
EVP/SVP	100%	
VP	60%	40%
Exec Dir/Sr Dir/Dir/Assoc Dir/Sr Mgr/MSL	50%	50%
Manager	40%	60%
Analyst/Specialist/Administrative	30%	70%

### **Performance Award Multiplier**

- a. *President/CEO and EVP/SVP Plan Participants (“Executive Officers”)*: The award multiplier for the corporate component will be determined by the Compensation Committee each Plan year, in its sole discretion. The actual performance bonus awarded to each Executive Officer in any year, if any, may be more or less than the applicable target, depending primarily on the Compensation Committee’s determination of the award multiplier for the corporate component and the executive’s individual performance with respect to the corporate objectives. Whether or not performance bonus is paid for any year is within the discretion of the Compensation Committee (or the Board of Directors in the case of the President/CEO) based on such achievement.
- b. *All Other Plan Participants*: Separate award multipliers will be established for both the corporate and the individual components of each award. The award multiplier for the corporate component will be determined by the Compensation Committee each Plan year, in its sole discretion. The same award multiplier for the corporate component of the award shall be used for all such Plan participants. The award multiplier for the individual component shall be determined by the responsible Vice President, Senior Vice President, or President and/or CEO.

While the Compensation Committee may change the award multipliers for any Plan year, the following scale will be used to determine the actual performance award multiplier based upon the measurement of corporate and individual performance objectives.

<u>Performance Category</u>	<u>Award Multiplier</u>
1. Performance for the year met or exceeded objectives or was excellent in view of prevailing conditions	75% - 150%
2. Performance generally met the year's objectives or was very acceptable in view of prevailing conditions	50% - 100%
3. Performance for the year met some, but not all, objectives	25% - 50%
4. Performance for the year was not acceptable in view of prevailing conditions	0%

### Example

The example below shows a sample cash bonus award calculation under the Plan, which is determined after the end of the performance period.

Step #1: A potential base bonus award is calculated by multiplying the employee's base salary by their assigned level bonus percentage.

Step #2: The calculated potential base bonus amount is then split between the corporate and individual performance factors by the employee's assigned level (per the weighting above). This calculation establishes specific potential dollar awards for the performance period based on both the individual and corporate performance factor components.

Step #3: After the end of the performance period, corporate and individual award multipliers will be established using the criteria described above. Awards are determined by multiplying the potential bonus awards in Step #2 by the actual corporate and individual award multipliers.

<u>Example: Step # 1: Potential Bonus Award Calculation</u>		
Position:		Director
Base salary:	\$	100,000
Target bonus percentage:		20%
Potential base bonus:	\$	20,000
<u>Step # 2: Split award target amount based on weighting of Performance Factors</u>		
Potential corporate performance bonus (50%):	\$	10,000
Potential individual performance bonus (50%):	\$	10,000
<u>Step # 3: Actual Cash Incentive Award Calculation</u>		
Assumed payment multipliers based on assessment of corporate and individual performance:		
Corporate multiplier	75%-performance generally met objectives	
Individual multiplier	125%-performance generally exceeded objectives	
Cash Award:		
Corporate component	\$	7,500(\$10,000 x 75%)
Individual component	\$	12,500(\$10,000 x 125%)
Total Award	\$	20,000

### AWARD PAYMENTS

Bonus award payments may be made in cash, through the issuance of stock, stock options or another form of equity award, or by a combination of cash, stock, stock options and/or another form of equity award, at the discretion of the Compensation Committee. All bonus award payments are subject to applicable tax withholdings. In the event that the Compensation Committee and/or the Board of Directors elect to pay bonus awards in stock or stock options, the Compensation Committee, in its sole

discretion, will make a determination as to the number of shares of stock or stock options to be issued to each Plan participant based, in part, upon the overall corporate performance and each participant's individual performance, as described. The issuance of stock and stock options may also be subject to the approval of the Company's stockholders, and any stock options issued will be subject to the terms and conditions of the Company's Equity Incentive Award Plan, as amended from time to time by the Company.

Payment of bonus awards will be made as soon as practicable after the issuance of the Company's year-end audited Financial Statements for the Plan year, but not later than December 31 of the year following the Plan year. Payments will not be impacted by any benefits, with the exception of elected 401(k) contributions which will be applied.

## **PLAN PROVISIONS**

### **Governance**

The Plan will be governed by the Compensation Committee. The President and/or CEO of Cadence will be responsible for the administration of the Plan. The Compensation Committee will be responsible for recommending to the Board of Directors a bonus amount for the President and/or CEO (unless such compensation is intended to be qualified, performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended). Additionally, the Compensation Committee will be responsible for approving any compensation or incentive awards to other executive officers of the Company and all other officers who are subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended. All determinations of the Compensation Committee, under the Plan, shall be final and binding on all Plan participants.

### **Compensation Committee's Absolute Right to Alter or Abolish the Plan**

The Compensation Committee reserves the right in its absolute discretion to terminate the Plan, or any portion of the Plan, at any time or to alter the terms and conditions under which a bonus will be paid. In the event of the Plan's termination prior to the payment of a bonus, such bonus will not be payable under this Plan. Such discretion may be exercised any time before, during, and after the Plan year is completed. No participant shall have any vested right to receive any compensation hereunder until actual delivery of such compensation. Participation in the Plan at any given time does not guarantee ongoing participation.

### **Employment Duration/Employment Relationship**

This Plan does not, and Cadence's policies and practices in administering this Plan do not, constitute an express or implied contract or other agreement concerning the duration of any participant's employment with the Company. The employment relationship of each participant is "at will" and may be terminated at any time by Cadence or by the participant, with or without cause.

*Any questions pertaining to this plan should be directed to the Human Resources Department.*



**AMENDED AND RESTATED  
CADENCE PHARMACEUTICALS, INC.  
DIRECTOR COMPENSATION POLICY  
Effective November 21, 2013**

Non-employee members of the board of directors (the “**Board**”) of Cadence Pharmaceuticals, Inc. (the “**Company**”) shall be eligible to receive cash and equity compensation commencing on the first date upon which the Company is subject to the reporting requirements of Section 13 or 15(d)(2) of the Exchange Act (the “**Public Trading Date**”) as set forth in this Director Compensation Policy. The cash compensation and option grants described in this Director Compensation Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, an “**Independent Director**”) who may be eligible to receive such cash compensation or options, unless such Independent Director declines the receipt of such cash compensation or options by written notice to the Company. This Director Compensation Policy shall remain in effect until it is revised or rescinded by further action of the Board. All share numbers set forth in this policy give effect to the reverse stock split to be implemented by the Company in connection with its initial public offering.

1. Cash Compensation.

Each Independent Director shall be eligible to receive an annual retainer of \$45,000 for service on the Board. In addition, an Independent Director serving as:

(i) chairman of the Audit Committee shall be eligible to receive an additional annual retainer of \$25,000 for such service;

(ii) members (other than the chairman) of the Audit Committee shall be eligible to receive an additional annual retainer of \$10,000 for such service;

(iii) chairman of the Compensation Committee shall be eligible to receive an additional annual retainer of \$15,000 for such service;

(iv) members (other than the chairman) of the Compensation Committee shall be eligible to receive an additional annual retainer of \$7,500 for such service;

(v) chairman of the Nominating/Corporate Governance Committee shall be eligible to receive an annual retainer of \$10,000 for such service;

(vi) members (other than the chairman) of the Nominating/Corporate Governance Committee shall be eligible to receive an annual retainer of \$5,000 for such service; and

(vii) chairman of the Board shall be eligible to receive an additional annual retainer of \$60,000 for such service.

The annual retainers shall be paid by the Company in quarterly installments or more frequently as deemed advisable by the officers of the Company for administrative or other reasons.

2. Equity Compensation. The options described below shall be granted under and shall be subject to the terms and provisions of the Company’s 2006 Equity Incentive Award Plan (the “**2006 Plan**”) and shall be granted subject to the execution and delivery of option agreements, including attached exhibits, in substantially the same forms previously approved by the Board, setting forth the vesting schedule applicable to such options and such other terms as may be required by the 2006 Plan.

(a) Initial Options. A person who was initially elected or appointed to the Board less than twelve (12) months prior to the Public Trading Date or who is initially elected or appointed to the Board following the Public Trading Date, and who was or is an Independent Director at the time of such initial election or appointment, shall be eligible to receive a non-qualified stock option to purchase 37,500 shares of common stock (subject to adjustment as provided in the 2006 Plan) on the later of the Public Trading Date and the date of such initial election or appointment (each, an “**Initial Option**”).

(b) Subsequent Options. A person who is an Independent Director automatically shall be eligible to receive a non-qualified stock option to purchase 25,000 shares of common stock (subject to adjustment as provided in the 2006 Plan) on the date of each annual meeting of the Company’s stockholders after the Public Trading Date. An Independent Director elected for the first time to the Board at an annual meeting of stockholders shall only receive an Initial Option in connection with such election, and shall not receive a Subsequent Option on the date of such meeting as well. The option grants described in this clause shall be referred to as “**Subsequent Options**.”

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Option grant pursuant to clause 2(a) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Subsequent Options as described in clause 2(b) above.

(d) Terms of Options Granted to Independent Directors.

(i) Exercise Price. The per share exercise price of each option granted to an Independent Director shall equal 100% of the Fair Market Value (as defined in the 2006 Plan) of a share of common stock on the date the option is granted.

(ii) Vesting. Initial Options granted to Independent Directors shall become exercisable in thirty-six equal monthly installments of 1/36 of the shares subject to such option on the first day of each calendar month following the date of the Initial Option grant, such that each Initial Option shall be 100% vested on the first day of the 36th month following the date of grant, subject to the director’s continuing service on the Board through such dates. Subsequent Options granted to Independent Directors shall become vested in twelve equal monthly installments of 1/12 of the shares subject to such option on the first day of each calendar month following the date of the Subsequent Option Grant, subject to a director’s continuing service on the Board through such dates. The term of each option granted to an Independent Director shall be ten years from the date the option is granted. No portion of an option which is unexercisable at the time of an Independent Director’s termination of membership on the Board shall thereafter become exercisable.