
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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 earliest event reported)
December 9, 2009

IRIDEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-27598
(Commission File Number)

77-0210467
(IRS Employer
Identification No.)

**1212 Terra Bella Avenue
Mountain View, California 94043**
(Address of principal executive offices, including zip code)

(650) 940-4700
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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

2010 Employee Incentive Program

On December 9, 2009, the Board of Directors of IRIDEX Corporation (the “Company”) adopted a 2010 employee incentive payment program (the “2010 Incentive Program”). The 2010 Incentive Program was adopted to provide cash incentive payouts to all eligible employees based upon Company profitability and individual performance. Executive officers and all other employees in good standing, except for commissioned sales personnel, are eligible to participate in the 2010 Incentive Program.

Funding for the 2010 Incentive Program is triggered when the Company achieves a minimum threshold of annual Operating Income, as determined by the Company’s Board of Directors and based upon the Company’s audited results of operations for the fiscal year ending January 1, 2011 (the “Targeted Operating Income”). When the Company’s annual Operating Income, after accounting for the cost of the incentive payout pool, is equal to or greater than the Targeted Operating Income, ten percent (10%) of Operating Income before the amount of the incentive payout pool will be allocated to fund the 2010 Incentive Program. By way of example, if the Company has annual Operating Income of \$1.5 million, the 2010 Incentive Program payout pool will be \$150,000. Operating Income is defined as gross profits less operating expenses and therefore does not include other income or expenses or taxes.

The 2010 Incentive Program provides for profit sharing & bonus payouts. Profit sharing & bonus payouts under the 2010 Incentive Program are calculated formulaically for each employee based upon the following factors: (1) Operating Income achieved by the Company, (2) the employee’s salary, (3) the employee’s grade level, (4) the employee’s individual performance during the year and (5) the number of months of service the employee has provided to the Company during the year. The Compensation Committee of the Board of Directors will approve the profit sharing & bonus distributions determined by senior management.

2010 Incentive Program payouts will be paid following the end of the fiscal year through profit sharing and bonus payouts by March 15 of the following year.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | 2010 Employee Incentive Program Summary |

EXHIBIT INDEX

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|------------------------|---|
| 99.1 | 2010 Employee Incentive Program Summary |

IRIDEX Corporation
2010 Employee Incentive Program Summary

Objective:

To provide cash incentive payouts to all eligible employees based upon Company profitability and individual performance.

Eligibility:

Executive officers and all other employees in good standing, except for commissioned sales personnel, are eligible to participate in the 2010 Incentive Program.

Creation of Incentive Payout Pool:

The 2010 Incentive Program is a profit sharing & bonus plan which is triggered when the Company achieves a minimum threshold in annual Operating Income as determined by the Board of Directors (the "Targeted Operating Income"). When the Company's annual Operating Income, after accounting for the cost of the incentive payout pool, is equal to or greater than the Targeted Operating Income, ten percent (10%) of Operating Income before the amount of the incentive payout pool will be allocated to fund the 2010 Incentive Program. If the annual Operating Income after accounting for the cost of the incentive payout (under the above calculation) is less than the Targeted Operating Income, the percentage allocated to the incentive payout pool is reduced appropriately to result in annual Operating Income after accounting for the cost of the incentive payout pool to be equal to the Targeted Operating Income. By way of example, if the Company has a Targeted Operating Income of \$1 million and an actual annual Operating Income of \$1.5 million, the 2010 Incentive Program payout pool will be \$150,000. However, if the Company has an actual annual Operating Income of \$1.1 million, the 2010 Incentive Program payout pool will be \$100,000.

Operating Income is defined as gross profits less operating expenses and therefore does not include other income or expenses or taxes.

Calculation of Individual Payout:

The 2010 Incentive Program provides for profit sharing & bonus payouts. Profit sharing & bonus payouts under the 2010 Incentive Program are calculated by formula for each employee based upon the following factors: (1) Operating Income achieved by the Company, (2) the employee's salary, (3) the employee's grade level, (4) the employee's individual performance during the year and (5) the number of months of service the employee has provided to the Company during the year. The Compensation Committee of the Board of Directors will approve the profit sharing & bonus distributions determined by senior management.

Distributions from Incentive Payout Pool:

2010 Incentive Program payouts will be paid following the end of the fiscal year through profit sharing & bonus payouts by March 15 of the following year. It is management's intention to fully distribute the incentive payout pool.