

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

FORM 8-K/A

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 4, 2018



ENERGY RECOVERY, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-34112

(Commission File Number)

01-0616867

(I.R.S. Employer Identification No.)

1717 Doolittle Drive, San Leandro, California 94577

(Address if Principal Executive Offices) (Zip Code)

510-483-7370

(Registrant's telephone number, including area code)

Not applicable

(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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On May 3, 2018, Energy Recovery, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Original Report”) to announce the appointment of Mr. Chris M. Gannon as the Company’s President and Chief Executive Officer. At the time of the filing of the Original Report, Mr. Gannon’s compensation as President and Chief Executive Officer had not yet been determined by the Company’s Compensation Committee. Pursuant to Item 5.02(c) of Current Report on Form 8-K, the Company is filing this Amendment No. 1 to the Original Report (the “Amendment”) solely for the purpose of disclosing a brief description of Mr. Gannon’s compensation arrangements as President and Chief Executive Officer. The information contained in the Amendment should be read in conjunction with the information contained in the Original Report.

Mr. Gannon’s compensation as President and Chief Executive Officer are set forth in that certain Offer of Promotion to President and Chief Executive Officer, Energy Recovery, Inc. (the “Promotion Letter”). Pursuant to the terms of the Promotion Letter, Mr. Gannon will receive an annual salary of \$425,000, be eligible for an annual bonus in an amount up to 100% of his annual salary, a one-time option to purchase \$100,000 worth of the Company’s common stock and standard Company benefits.

The foregoing description of the Promotion Letter does not purport to be complete and is qualified in its entirety by reference to the Promotion Letter, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference into this Item 5.02.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Document</u>
10.1	Offer of Promotion to President and Chief Executive Officer, Energy Recovery, Inc.

SIGNATURE

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: May 8, 2018

Energy Recovery, Inc.

By: /s/ William Yeung

William Yeung

General Counsel

May 4, 2018

Mr. Chris Gannon
1717 Doolittle Drive
San Leandro, CA 94577

Re: Offer of Promotion to President and Chief Executive Officer, Energy Recovery, Inc.

Dear Chris,

On behalf of the Board of Directors of Energy Recovery Inc. (“ERI” or “Company”), I am pleased to offer you the position of President and Chief Executive Officer, reporting to the Board of Directors, subject to the following terms and conditions.

Salary and Effective Date. We would like your promotion to begin on May 2, 2018. You will receive an annual base salary of \$425,000.00, less deductions authorized or required by law, which will be paid bi-weekly in accordance with our standard payroll practices.

Executive Bonus Plan. You will also be eligible to participate in the Company’s annual Executive Bonus Plan, under which you will be eligible to receive from 0% - to 100% of your base salary based on your achievement toward Company annual financial targets and/or other performance goals.

Stock Option Grant. As part of your promotion, you will be granted an option to purchase \$100,000 worth of shares of the Company’s Common Stock under the terms of the Company’s 2016 Incentive Plan. The grant date shall be May 4, 2018 and will vest over four (4) years with twenty-five percent (25%) of the shares vesting on the one year anniversary of the grant date and 1/36th of the remaining shares vesting each month thereafter. The exercise price per share will equal the closing price of the Company’s Common Stock on the Nasdaq Stock Market on May 4, 2018.

Benefits. As a full-time employee, you will continue to be eligible to receive employee benefits which include discretionary time off, medical, dental and vision insurance for you and your dependents, as well as long-term disability and life insurance.

Change of Control Plan. Under this offer, you will continue to participate in the Company’s Change in Control Severance Plan.

Employment Status Although your status may change, your employment with the Company remains “at will”, meaning that either you or the Company will be entitled to terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer letter. In addition, although your job duties, title, compensation, benefits, as well as the Company’s personnel policies and procedures, may change in the future, the “at will” nature of your employment may not be changed.

Termination for Convenience. In the event that you are terminated without Cause (as defined in the CIC Plan, as amended) and not as part of an Anticipatory Termination, you will be entitled to receive the greater of the severance benefits provided in any then-existing and applicable Company severance plan, or as defined in this section, specifically: all payments required by applicable local law, including all earned and unpaid salary, any accrued and unused vacation pay and all earned but unpaid and un-deferred bonus attributable to the year that ends immediately before the year in which the termination occurs, less deductions required or permitted by law; and (without altering the “at will” nature of your employment), the following additional benefits (“Additional Benefits”), in exchange for a mutually agreeable form of release of all claims known or unknown, and satisfying any other conditions or restrictive covenants set forth in any Company severance plan, provided that ERI receives the signed, unrevoked agreement within forty five (45) days of your termination date:

(A) a severance amount payable in a lump sum equal to twelve (12) months’ salary based on your annual base salary in effect as of the date of the employment termination, less deductions required or permitted by applicable law;

(B) the immediate vesting of twenty five (25%) of all unvested equity compensation held by you as of the date of termination, including unvested equity compensation where the amount payable is based on the satisfaction of performance criteria to the extent such vesting acceleration would not cause any award intended to constitute "qualified performance-based compensation," within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") to fail to so qualify, less deductions required or permitted by applicable law, with the vesting acceleration to occur in the following order: stock options and similar equity awards would vest before "full" value equity awards and, within each category of awards, equity awards would vest in the order that they were granted. All other provisions of the option will continue in effect in accordance with the original terms of the agreement evidencing the option.

To the extent the Additional Benefits compensation is subject to Section 409A of the Code, the severance payment or the distribution of the equity compensation shall be paid or made, as applicable, on the 45th day following "separation from service" (within the meaning of Code Section 409A and any the regulations or other guidance thereunder ("Section 409A")). Notwithstanding anything to the contrary contained herein, no such payment or distribution will be made to you prior to the earlier of (a) the expiration of the six-month period measured from the date of your separation from service or (b) the date of your death, if you are deemed at the time of such separation from service to be a "specified employee" (within the meaning of Section 409A) and to the extent such delayed commencement is otherwise required in order to avoid a prohibited distribution under Section 409A. All payments which had been delayed pursuant to the immediately preceding sentence will be paid to you in a lump sum upon expiration of such six-month period (or, if earlier, upon your death).

In the event that you voluntarily resign (other than under the circumstances described in the Change in Control Severance Plan) or are terminated by ERI for Cause, you will only be entitled to payment required by applicable local law, including all earned and unpaid salary, any accrued and unused vacation pay and all earned but unpaid and un-deferred bonus attributable to the year that ends immediately before the year in which the termination occurs, less deductions required or permitted by law.

Please accept this offer of promotion as of the start date set forth above by signing your name and setting forth the agreed start date below. Then return this letter to me by email or fax within by May 14, 2018. If your acceptance is not received by this date, we shall assume that you have declined the offer and the offer shall be null and void.

Please call me if you have any questions regarding the information outlined below.

Very truly yours,

/s/ Hans Peter Michelet
Hans Peter Michelet
Chairman of the Board

Signed Acceptance: /s/ Chris Gannon

Start Date: May 2, 2018