

UNITED STATES
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 earliest event reported): May 15, 2015 (May 13, 2015)

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 Dr. San Leandro, CA 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))
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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

(c) Appointment of Chief Financial Officer

On May 13, 2015, the Board of Directors of Energy Recovery, Inc. (the "Company") appointed Mr. Chris M. Gannon as Chief Financial Officer effective June 8, 2015.

Mr. Gannon has served as Managing Director at Conway MacKenzie Inc. since March 2009 and is a graduate of the University of Chicago – Booth School of Business. Prior to joining Conway MacKenzie, Mr. Gannon was a principal at Talon Group, a private equity firm focused on control investments in performing and distressed businesses. Previously, he functioned as a finance operating partner to private equity funds through Caledonia Group.

As Chief Financial Officer, Mr. Gannon will receive an annual base salary of \$320,000, standard Company benefits, options to purchase 200,000 shares of the Company shares, a lump sum relocation allowance of \$100,000, which must be repaid on a pro-rata basis in the event he resigns from the Company within twelve months of his start date, and will also be eligible for an annual bonus in an amount up to 60% of his annual salary based on his achievement toward Company financial and/or other performance goals under the Company's executive bonus plan. Mr. Gannon has been guaranteed a bonus of \$192,000 for 2015. After six months of service, Mr. Gannon will receive an additional option to purchase 100,000 shares of the Company shares. Mr. Gannon has been designated as a participant in the Company's Change of Control Plan, a copy of which is on file with the Securities and Exchange Commission. He will also be eligible for certain severance benefits if he is terminated without cause other than in connection with a Change in Control.

There are no family relationships between Mr. Gannon and any of the officers or directors of the Company. There are no related party transactions with Mr. Gannon that are reportable under Item 5.02 of Form 8-K and Item 404(a) of Regulation S-K.

Item 9.01 Financial Statements and Exhibits

Exhibits

- 99.1 Offer Letter to Mr. Chris Gannon
- 99.2 Press Release

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.

ENERGY RECOVERY, INC.
(Registrant)

Date: **May 15, 2015**

/s/ Juan Otero

Juan Otero
(Corporate Counsel and Secretary)



May 13, 2015

Mr. Chris Gannon
Via Email: chris_m_gannon@yahoo.com

Re: Offer of Employment with Energy Recovery, Inc.

Dear Chris,

We are pleased to offer you a full-time position with Energy Recovery, Inc. ("ERI" or the "Company") as Chief Financial Officer reporting to Joel Gay, President and Chief Executive Officer, based in our headquarters in San Leandro, California. Your technical skills and work experience will provide a valuable addition to our staff.

Salary and Start Date. We would like your employment with ERI to start on June 1, 2015. You will receive an annual base salary of **\$320,000** less deductions authorized or required by law, which will be paid bi-weekly in accordance with our standard payroll practices.

Annual Incentive Plan. You will also be eligible to participate in the Company's Annual Incentive Plan, under which you will be eligible to receive up to **60%** of your base salary for achieving certain performance goals, subject to the Company's meeting its annual financial targets and other goals. For 2015, ERI will guarantee you a bonus of **\$192,000**. This amount will be paid in 2016 as part of our normal cycle (typically in March).

Sign-on Stock Option Grant. As part of this offer you will be granted an option to purchase two hundred thousand (**200,000**) shares of ERI Common Stock under the standard terms of the Company's Amended and Restated 2008 Equity Incentive Plan. After six months with the Company you will be granted options to purchase an additional one hundred thousand (**100,000**) shares. The options will vest over four (4) years with twenty-five percent (25%) of the shares vesting on the first anniversary of the vesting commencement date, which will be the first day of your employment. After the first anniversary of the vesting commencement date, one thirty-sixth (1/36th) of the remaining shares will vest each month thereafter.

Long Term Incentive Plan. Subject to the approval and discretion of the Company's Board of Directors or its Compensation Committee, each year you may be granted an option to purchase shares of the Company's Common Stock under the Company's 2008 Equity Incentive Plan with a fair market value targeted at **\$125,000** based on stock option valuation. The exercise price per share will be equal to the closing price on NASDAQ of a share of the Company's common stock on the day the Committee approves your grant, subject to the terms and conditions of the 2008 Equity Incentive Plan or such other Plan the Board and shareholders may approve.

Change of Control Plan. Under this offer, you will also be named a Participant in the Company's Change in Control Plan ("CCP"), as amended. Per our plan all of your options would vest immediately in the event there is a change of control as that term is defined in the CCP.

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Termination. In the event that ERI terminates your employment without Cause (as defined in Article 2 of ERI's Change in Control Plan as amended), other than after or in connection with a Change in Control, as that term is defined in the Company's Change in Control Plan, you will be entitled to all payments required by applicable local law, including all earned and unpaid salary, any accrued and unused vacation pay, less deductions required or permitted by law.

In addition, without altering the "at will" nature of your employment, you will be entitled to receive additional benefits in the form of severance ("Additional Benefits") as set forth below in exchange for an agreement to release all claims known or unknown against the Company and to satisfy certain other conditions set forth in any Company Severance Plan then in effect, including an agreement to refrain from engaging in any business or rendering service to any entity, organization of company in competition with ERI for twenty-four (24) months after your termination date and provided that ERI receives the signed, unrevoked release agreement within the stated number of days of your termination date. Additional Benefits: If you are terminated prior to the second anniversary of your start date, you will receive severance in the form of a lump sum payment, equal to twelve (12) months' salary; if the termination occurs after the second anniversary of your start date, you will receive severance amount in the form of a lump sum payment equal to six (6) months' salary. These Additional Benefits will be computed using your annual base salary as of the date of the termination, less deductions required or permitted by applicable law.

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 not be paid or made, as applicable, unless your termination of employment constitutes a "separation from service" (within the meaning of Code Section 409A and any the regulations or other guidance thereunder ("Section 409A")). In addition, 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 resign 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.

Relocation Expenses. ERI will pay you a lump sum of **\$100,000** to move your family to California. If you choose to resign from ERI for any reason within the first twelve (12) months of your employment, you agree to return to ERI a pro-rata share of this relocation payment. The pro-rata share to be returned shall be based on the number of months remaining in the twelve month period at the time of resignation, divided by 12. Further, you authorize ERI to collect the monies owed as a deduction on your final pay check. Your move to the San Francisco Bay Area must be completed no later than **August 31, 2015**.





Benefits. As a full-time employee, you will be eligible to receive employee benefits including **20** days of paid time off, medical, dental and vision insurance for you and your dependents, as well as long-term disability and life insurance. You may elect to participate in these programs as of the first day of the month following your start date. Please note that the benefits program may change from time to time at the Company's discretion.

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.

Please note that this offer is conditioned upon your ability to present employment eligibility and properly complete the Form I-9 by the third workday after your date of hire as required by the Immigration Reform & Control Act of 1986. A copy of the form will be provided to you. It is ERI policy to conduct a comprehensive background check. This offer is contingent upon positive results from the background checks and your successful completion of the Watson Glaser assessment.

Please accept this offer of employment below by signing your name and setting forth the agreed start date below. After signing the document, please return this letter to me by email or fax by May 15, 2015. 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. We are excited about the prospect of your leading the Company's finance operations as the Chief Financial Officer and look forward to working with you.

Very truly yours,

/s/ Joel Gay

Joel Gay
President and Chief Executive Officer

Signed Acceptance: /s/ Chris Gannon
Chris Gannon

Start Date: 06/10/15

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Energy Recovery Announces Appointment of Experienced Financial Executive Chris Gannon as Chief Financial Officer

SAN LEANDRO, Calif.—May 15, 2015—Energy Recovery Inc. (NASDAQ:ERII), the leader in pressure energy technology for industrial fluid flows, today announced that it has appointed Mr. Chris M. Gannon as Chief Financial Officer, effective June 8, 2015.

Mr. Gannon most recently served as managing director at Conway MacKenzie, a firm focused on providing strategic financial consulting, corporate restructuring, turnaround consulting and performance improvement services to performing and under-performing domestic and international companies. He served in interim management capacities for the firm's clientele, such as CRO, CFO, Treasurer, and other strategic finance functions. Mr. Gannon's responsibilities included strategic planning, financial planning and analysis, financial reporting, KPIs, cash management, performance improvement, deal structuring, and negotiation.

Mr. Gannon's most recent assignment at Conway MacKenzie was as a lead restructuring advisor to the City of Detroit throughout its landmark \$18 billion Chapter 9 bankruptcy. He played an instrumental role in crafting the City's \$1.7 billion Restructuring and Reinvestment Plan, the cornerstone of the City's Plan of Adjustment. Post-bankruptcy, he has been a key architect of the restructuring of the City's finance operations.

Mr. Joel Gay, President and Chief Executive Officer of Energy Recovery, stated, "We believe Chris' substantial experience in leading a wide variety of organizations through rapid change and deep experience in finance and multiple corporate disciplines, including strategy, operations, and corporate development, make him the ideal addition to the Energy Recovery leadership team. In addition to a strong sense of fiscal discipline, Chris has a lengthy track record of positioning companies throughout multiple industries for sustainable growth. We are fortunate to have a proven executive of Chris' caliber join the Energy Recovery team, and I am confident he will be a valuable contributor to the Company's continued efforts in strategic market expansion and product commercialization."

Mr. Gannon stated, "I am excited to be joining Energy Recovery, a company known for its innovation and recognized technologies, at this time in the Company's history. Joel has made a number of significant changes to the strategy and operating structure since the beginning of 2015, and I am eager to begin working with him and the other members of senior management on propelling Energy Recovery's growth forward in the months and years to come."

Prior to joining Conway MacKenzie, Mr. Gannon was a principal at Talon Group, a private equity firm focused on control investments in performing and distressed businesses. Previously, he functioned as a finance operating partner to private equity funds through Caledonia Group. He began his career in investment banking with a focus on mergers and acquisitions and capital market transactions.

Mr. Gannon holds a bachelor's degree in Industrial and Operating Engineering from the University of Michigan and an MBA from the University of Chicago's Booth School of Business.

About Energy Recovery

Energy Recovery (NASDAQ:ERII) develops award-winning solutions to improve productivity, profitability, and energy efficiency within the oil & gas, chemical, and water industries. Our products simplify complex systems and protect vulnerable equipment. By recycling fluid pressure that would otherwise be lost in critical processes, we save clients more than \$1.4 billion (USD) annually. Headquartered in the San Francisco Bay Area, Energy Recovery has offices in Shanghai and Dubai.

Forward-Looking Statements

This press release contains forward-looking statements that reflect management's current expectations, assumptions and estimates of future performance and economic conditions. Such statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The company cautions investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. Statements about future expectations about technology introduction and adoption, as well as shareholder value are forward-looking and involve risks and uncertainties. Energy Recovery disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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