

Mueller Water Products, Inc.
Form 8-K
October 06, 2008

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): September 30, 2008

MUELLER WATER PRODUCTS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

0001-32892
(Commission File Number)

1200 Abernathy Road

20-3547095
(I.R.S. Employer
Identification Number)

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Atlanta, Georgia 30328

(Address of Principal Executive Offices)

(770) 206-4200

(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))

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

On September 30, 2008, the Company entered into a new employment agreement and new executive change-in-control severance agreement with each of Messrs. Hyland and Torok. The agreements generally restate the existing agreements with Messrs. Hyland and Torok, and include certain technical amendments to bring them into compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. The agreements were dated as of September 15, 2008.

The agreements provide for base salary and annual target bonuses as set forth below. The payout ranges for the annual target bonus are between zero to 200% of target (based on the satisfaction of predetermined goals).

| | Salary | Annual Target Bonus (Percentage of Annual Base Salary) |
|-------------------|---------------|---|
| Gregory E. Hyland | \$ 790,000 | 100% |
| Raymond P. Torok | \$ 340,698 | 75% |

The other key terms of the revised Employment Agreements are set forth below:

An annual equity opportunity commensurate with an executive-level position at the Company;

A car allowance of \$1,500 per month (\$2,000 per month with respect to Mr. Hyland);

Four weeks vacation each year; and

Severance of 18 months salary and 18 months bonus (with pro rata bonus for the year of termination and continuation of fringe benefits during the 18 month severance period) in the event that he is terminated by the Company without cause or if he terminates employment for good reason.

The Change-in-Control Severance Agreement provides that if the executive's employment is terminated other than for cause or for good reason within 24 months following a change-in-control, he would be entitled to a lump-sum payment equivalent to base salary and annual incentive bonus (generally calculated as the average of their actual annual incentive bonuses over the preceding three years) for, and continuation of certain benefits, such as group life and medical insurance coverage for a period of 24 months. The severance benefits under the change-in-control severance agreement include the immediate vesting of all unvested stock options and restricted stock units. The change-in-control severance agreement also provides for an additional payment sufficient to eliminate the effect of any applicable excise tax on severance payments in excess of an amount determined under Section 280G of the Internal Revenue Code. Payments subject to the excise tax would not be deductible by the Company. The executive is not entitled to receive duplicative severance benefits under any other Company-related plans or programs if benefits are triggered.

Defined Terms

With respect to the severance arrangements, Cause is defined generally as (i) conviction or guilty plea of a felony or any crime involving fraud or dishonesty; (ii) theft or embezzlement of property from the Company; (iii) refusal to perform the duties of his or her position in all material respects; (iv) fraudulent preparation of financial information of the Company; (v) willful engagement in conduct that is demonstrably and materially injurious to the Company; or (vi) willful violation of material Company policies or procedures. Good Reason is defined generally as (i) the assignment to duties materially inconsistent with his authorities, duties, responsibilities, and status as an executive and/or officer of the Company, or a material reduction or alteration in the nature or status of his authorities, duties, or responsibilities; (ii) the Company's requiring him to be based at a new or different location from the location of his current principal job location or office; or (iii) a material reduction by the Company of his base salary.

In the Change-in-Control Severance Agreement, Cause is defined generally as the executive's (i) conviction or guilty plea of a felony or any crime involving fraud or dishonesty; (ii) refusal to perform the duties of his position in all material respects; (iii) fraudulent preparation of financial information of the Company; or (iv) willful engagement in conduct that is demonstrably and materially injurious to the Company. Good Reason generally means (i) the assignment to duties materially inconsistent with his authorities, duties, responsibilities, and status as an executive and/or officer of the Company, or a material reduction or alteration in the nature or status of his authorities, duties, or responsibilities; (ii) the Company's requiring him to be based at a location in excess of fifty miles from the location of his principal job location or office immediately prior to the Change in Control; (iii) a reduction by the Company of his base salary; (iv) the failure of the Company to continue in effect any of the Company's short- and long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices, or other compensation arrangements in which he participates; (v) the failure of the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform the Company's obligations under the Agreement; and (vi) a material breach of the Agreement by the Company.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- 99.1 Employment Agreement effective as of September 15, 2008 between the Company and Gregory E. Hyland
- 99.2 Employment Agreement effective as of September 15, 2008 between the Company and Raymond P. Torok
- 99.3 Form of Executive Change-in-Control Severance Agreement

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.

Dated: October 6, 2008

MUELLER WATER PRODUCTS, INC.

By: /s/ Robert Barker
Robert Barker
Executive Vice President and General Counsel