
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 4, 2014**

WATTS WATER TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

001-11499
(Commission File Number)

04-2916536
(IRS Employer
Identification No.)

815 Chestnut Street, North Andover, Massachusetts 01845
(Address of Principal Executive Offices) (Zip Code)

(978) 688-1811
(Registrant's telephone number, including area code)

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.

On May 4, 2014, the Board of Directors of Watts Water Technologies, Inc. (the “Company”) appointed Robert J. Pagano, Jr. as the Company’s President and Chief Executive Officer effective upon the commencement of his employment with the Company on May 27, 2014, at which time the Company’s interim President and Chief Executive Officer, Dean P. Freeman, will resume his role as Executive Vice President and Chief Financial Officer. The Company’s Board of Directors also appointed Mr. Pagano as a member of the Company’s Board of Directors effective upon the commencement of his employment with the Company.

Mr. Pagano, 51, has served as Senior Vice President of ITT Corporation and President, ITT Industrial Process since April, 2009. Mr. Pagano originally joined ITT in 1997 and served in several management roles prior to his current position, including most recently as Vice President Finance, Corporate Controller, and President of Industrial Products. ITT Corporation is a diversified manufacturer of highly engineered critical components and customized technology solutions for the energy, transportation and industrial markets. Prior to joining ITT, Mr. Pagano worked at KPMG LLP. Mr. Pagano is a Certified Public Accountant.

Mr. Pagano’s initial annual base salary will be \$700,000. Mr. Pagano will participate in the Company’s Executive Incentive Bonus Plan with a target bonus percentage equal to 100% of his base salary on a prorated basis for 2014. Mr. Pagano will be guaranteed an incentive bonus payout of at least 50% of his prorated target bonus for 2014. The Company has agreed to pay customary, out-of-pocket expenses incurred by Mr. Pagano in connection with his relocation to the North Andover, Massachusetts area. The Company will also pay Mr. Pagano a \$50,000 lump sum to cover his temporary living expenses in the North Andover area prior to his relocation.

In connection with his hiring, Mr. Pagano will be granted shares of restricted stock with a fair value of \$2,200,000 and a target number of performance shares with a fair value of \$1,100,000. The number of shares subject to each grant will be determined based on the closing sale price of the Company’s Class A common stock as of the last trading day prior to the date Mr. Pagano commences employment with the Company. The shares of restricted stock will vest 50% on the first anniversary of the date of grant and 25% each year thereafter. The number of performance shares earned will be determined and issued after January 1, 2017 based on the Company’s performance against return on invested capital (“ROIC”) and revenue compound annual growth rate (“Revenue CAGR”) goals set by the Compensation Committee and may be from 0% to 200% of the number of target shares awarded to Mr. Pagano. The agreements governing the restricted stock and performance share awards will provide that any unvested portion of such awards will become fully vested and nonforfeitable in the event Mr. Pagano’s employment is terminated without cause. The forms of restricted stock agreement and performance stock unit award agreement to be entered into with Mr. Pagano in connection with the above described equity awards are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Mr. Pagano will also receive an annual equity grant for 2014 with a total fair value equal to \$2,100,000. Half of the value of Mr. Pagano’s annual equity award will be in the form of shares of restricted stock and half of the value will be in the form of a target number of performance shares. In accordance with the Company’s standard practice, Mr. Pagano’s 2014 annual grants will be awarded as of the third business day following the public release of the Company’s second quarter earnings and the number of shares subject to each grant will be determined based on the twelve month trailing average sale price of the Company’s Class A common stock ending on the last trading day prior to the date such award is

approved by the Compensation Committee. The shares of restricted stock issued to Mr. Pagano will vest one-third per year over three years and the number of performance shares earned will be determined and issued after January 1, 2017 based on the Company's performance against ROIC and Revenue CAGR goals set by the Compensation Committee. The performance shares actually issued to Mr. Pagano may be from 0% to 200% of the number of target shares awarded to him. The annual equity grants to Mr. Pagano will be governed by the Company's standard forms of agreements and will not provide for acceleration of vesting in the event Mr. Pagano's employment is terminated without cause.

Mr. Pagano will also be eligible to participate in the Company's Management Stock Purchase Plan beginning in 2014. Mr. Pagano will receive either a car leased by the Company or a \$2,000 monthly car allowance. Mr. Pagano will also be eligible to participate in the Company's customary employee benefit plans, including medical insurance plans, life insurance plan and retirement savings plan and he will be entitled to an annual Company-paid executive physical examination.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. See Exhibit Index attached hereto.

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, 2014

WATTS WATER TECHNOLOGIES, INC.

By: /s/ Kenneth R. Lepage

Kenneth R. Lepage

General Counsel &

Executive Vice President of Administration

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Title</u>
10.1	Form of Restricted Stock Agreement between Watts Water Technologies, Inc. and Robert J. Pagano, Jr.
10.2	Form of Performance Stock Unit Award Agreement between Watts Water Technologies, Inc. and Robert J. Pagano, Jr.

RESTRICTED STOCK AWARD AGREEMENT
UNDER THE WATTS WATER TECHNOLOGIES, INC.
SECOND AMENDED AND RESTATED 2004 STOCK INCENTIVE PLAN

The award of shares of restricted Class A Common Stock (the "Restricted Stock") of Watts Water Technologies, Inc. (the "Company") made to Robert J. Pagano, Jr. (the "Grantee"), as set forth in the Restricted Stock award notification provided through the Grantee's stock plan account on the E*TRADE website, is subject to the provisions of the Company's Second Amended and Restated 2004 Stock Incentive Plan (the "Plan") and the terms and conditions contained in this Restricted Stock Award Agreement (the "Agreement"). By accepting the award of Restricted Stock on the E*TRADE website, the Grantee agrees to the terms and conditions of this Agreement.

1. Acceptance of Award. The Grantee shall have no rights with respect to the Restricted Stock unless he or she shall have accepted the Restricted Stock award through the E*TRADE website. Upon acceptance of the award of Restricted Stock by the Grantee, (i) the shares of Restricted Stock so accepted shall be issued by the Company and held by the Company's transfer agent in book entry form in a restricted account until such Restricted Stock is vested as provided in Paragraph 3 below, and (ii) the Grantee's name shall be entered as the stockholder of record on the books of the Company. Thereupon, the Grantee shall have all the rights of a shareholder with respect to such shares, including voting and dividend rights, subject, however, to the restrictions and conditions specified in Paragraph 2 below.

2. Restrictions and Conditions.

(a) As set forth in Paragraph 1, the book entries representing the shares of Restricted Stock granted herein shall bear an appropriate legend, as determined by the Administrator in its sole discretion, to the effect that such shares are subject to restrictions as set forth herein and in the Plan.

(b) Shares of Restricted Stock granted herein may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of by the Grantee prior to vesting.

(c) If the Grantee's employment with the Company and its Subsidiaries is voluntarily terminated for any reason (other than death or disability) prior to vesting of shares of Restricted Stock granted herein, the unvested shares of Restricted Stock shall be immediately and automatically forfeited to the Company upon termination of employment, without payment of any consideration to the Grantee. The Grantee shall have no further rights with respect to any shares of Restricted Stock that are so forfeited.

3. Vesting of Restricted Stock. Unless otherwise provided in this Agreement or the Plan, the Restricted Stock shall vest in accordance with the following vesting schedule: 50% of the total number of shares of Restricted Stock shall vest on the first anniversary of the date of grant, an additional 25% of the total number of shares of Restricted Stock shall vest on the second anniversary of the date of grant, and the remaining 25% of the total number of shares of Restricted Stock shall vest on the third anniversary of the date of grant. The restrictions and

conditions in Paragraph 2 shall lapse with respect to the number of shares of Restricted Stock specified as vested on each such vesting date.

Subsequent to such Vesting Date or Dates, the shares of Stock on which all restrictions and conditions have lapsed shall no longer be deemed Restricted Stock. Notwithstanding the foregoing, if the Grantee's employment is involuntarily terminated without Cause (as defined below) or terminated by reason of death or disability (as determined by the Administrator) prior to the vesting of shares of Restricted Stock granted herein, the unvested shares of Restricted Stock held by the Grantee shall become fully vested. For purposes of this Agreement, "Cause" shall mean: (a) an act by the Grantee constituting a felony or a misdemeanor involving moral turpitude; (b) fraud or dishonesty on the Grantee's part that results in or is likely to result in economic damage to the Company; (c) gross negligence or misconduct in the performance of the Grantee's duties; or (d) refusal to attempt in good faith to implement a reasonable directive of the Company or failure to perform the Grantee's assigned duties. The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 3.

4. Dividends. Dividends on shares of Restricted Stock shall be paid currently to the Grantee.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Limitations on Transferability. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

7. Tax Withholding. The Grantee acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Grantee any federal, state, local or other taxes of any kind required by law to be withheld with respect to the vesting of the shares of Restricted Stock. The Grantee shall satisfy such tax withholding obligations by transferring to the Company, on each date on which shares of Restricted Stock vest under this Agreement, such number of shares of Restricted Stock that vest on such date as have a Fair Market Value equal to the amount of the Company's tax withholding obligation in connection with the vesting of such shares of Restricted Stock. Such delivery of Restricted Stock to the Company shall be deemed to happen automatically, without any action required on the part of the Grantee, and the Company is hereby authorized to take such actions as are necessary to effect such delivery.

8. Compensation Recovery Policy. Notwithstanding anything contained in this Agreement to the contrary, all Restricted Stock awarded under this Agreement, and any shares of Class A Common Stock delivered to the Grantee upon vesting of Restricted Stock hereunder shall be subject to forfeiture or repayment pursuant to the terms of the Company's Compensation Recovery Policy as in effect from time to time, including any amendments necessary for

compliance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

9. Miscellaneous.

(a) Notice hereunder shall be given to the Company at its principal place of business, and shall be given to the Grantee at the address on file with the Company, or in either case at such other address as one party may subsequently furnish to the other party in writing.

(b) This Agreement does not confer upon the Grantee any rights with respect to continuation of employment by the Company or any Subsidiary.

**2014 PERFORMANCE STOCK UNIT AWARD AGREEMENT
UNDER THE WATTS WATER TECHNOLOGIES, INC.
SECOND AMENDED AND RESTATED 2004 STOCK INCENTIVE PLAN**

This award of performance stock units ("Performance Stock Units") of Watts Water Technologies, Inc. (the "Company") made to Robert J. Pagano, Jr. (the "Grantee"), as set forth in the Performance Stock Unit award notification provided through the Grantee's stock plan account on the E*TRADE website, is subject to the provisions of the Company's Second Amended and Restated 2004 Stock Incentive Plan (the "Plan") and the terms and conditions contained in this 2014 Performance Stock Unit Award Agreement (the "Agreement") and shall constitute Deferred Stock (as defined in the Plan) which is earned based on performance as provided herein. By accepting the award of Performance Stock Units on the E*TRADE website, the Grantee agrees to the terms and conditions of this Agreement.

1. Nature and Acceptance of Award. This Performance Stock Unit award entitles the Grantee to receive a share of Class A Common Stock of the Company ("Stock") for each Performance Stock Unit that is earned and vested as determined pursuant to Sections 3 and 5 below. The target number of Performance Stock Units the Grantee shall be eligible to earn and become vested in with respect to this Agreement is set forth on the E*TRADE website (the "Target Award"). The Grantee shall have no rights to the Performance Stock Units or to receive the Stock upon settlement of the Performance Stock Units under this Agreement unless he or she shall have accepted the Performance Stock Unit award through the E*TRADE website. Unless and until the shares of Stock are actually issued to the Grantee upon settlement of the Performance Stock Units in accordance with this Agreement, the Grantee shall not by reason of being granted the Performance Stock Units be deemed to be a shareholder of the Company or to have any other right to the Stock, except as otherwise provided in this Agreement.

2. Restrictions and Conditions.

(a) The Performance Stock Units granted herein may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of by the Grantee.

(b) If the Grantee's employment with the Company and its Subsidiaries is voluntarily terminated or involuntarily terminated for Cause prior to the last day of the Performance Period, all Performance Stock Units shall be immediately and automatically forfeited to the Company upon termination of employment, without payment of any consideration to the Grantee. The Grantee shall have no further rights with respect to the Performance Stock Units or to receive shares of Stock with respect thereto.

(c) If the Grantee's employment or service is terminated by reason of death or disability (as determined by the Administrator):

(i) if the date of termination of service is within the last twelve months of the Performance Period, then the determination of number of Performance Stock Units earned and vested will be conducted as if the Participant had not terminated employment; and

(ii) if the date of termination of service is within the first twenty-four months of the Performance Period, then the number of Performance Stock Units earned and vested shall be determined by multiplying the Target Award by a fraction, the numerator of which is the number of days from the start of the Performance Period to and including the date of termination of service, and the denominator of which is the number of days in the Performance Period.

(d) If the Grantee's employment or service is involuntarily terminated without Cause prior to the last day of the Performance Period, then the Grantee shall earn and be vested in a number of Performance Stock Units equal to the Target Award.

3. Determination of Number of Performance Stock Units Earned.

(a) No Performance Stock Units shall be earned or vested unless the Company's ROIC (as defined below) equals or exceeds 9% (the "Minimum Performance Goal").

(b) If the Minimum Performance Goal is obtained, then the number of Performance Stock Units that will be earned and vested, if any, for the Performance Period shall be determined as follows:

$$\text{Earned Performance Stock Units} = \text{Payout Percentage} \times \text{Target Award}$$

The "Payout Percentage" is based on the Company's achievement with respect to (i) "ROIC" (as defined below) and "Revenue CAGR" (as defined below) (the "Performance Goals"), as determined at the end of the Performance Period in accordance with the following table:

3 Year Revenue CAGR	ROIC			
	Below Threshold < 11%	Threshold 11.0%	Target 16.2%	Maximum 19.0%
	Payout Percentage			
Below Threshold <3.0%	0%	60%	75%	100%
Threshold 3.0%	60%	60%	75%	125%
Target 4.4%	80%	80%	100%	150%
Maximum 7.0%	100%	100%	150%	200%

Achievement between (i) below threshold and threshold, (ii) threshold and target and (iii) target and maximum will be interpolated linearly. All Performance Stock Units that are not earned at the end of the Performance Period shall be forfeited.

(c) Defined Terms.

(i) "Revenue CAGR" shall mean the 3-year compound annual growth rate in the Company's revenue during the Performance Period.

(ii) "Invested Capital" shall mean the sum of the Company's long-term debt plus the current portion of long-term debt, less cash, cash equivalents and investments, plus stockholder equity, as of the last day of the Performance Period.

(iii) "Performance Period" shall mean January 1, 2014 through and including December 31, 2016.

(iv) "ROIC" shall mean the Company's return on Invested Capital calculated as a percentage for the twelve month period ending on the last day of the Performance Period by dividing net operating profit after tax by Invested Capital. For the purposes of calculating ROIC under this Agreement, "net operating profit" shall be adjusted to exclude the impact of all restructuring, foreign exchange, impairments, legal settlements, employee separation costs, product liability charges, pension plan and SERP terminations and retroactive tax law changes to the extent such items were not contemplated and included in the Company's 2013-2018 Strategic Plan, upon which the ROIC goals were based.

(v) "Cause" shall mean: (a) an act by the Grantee constituting a felony or a misdemeanor involving moral turpitude; (b) fraud or dishonesty on the Grantee's part that results in or is likely to result in economic damage to the Company; (c) gross negligence or misconduct in the performance of the Grantee's duties; or (d) refusal to attempt in good faith to implement a reasonable directive of the Company or failure to perform the Grantee's assigned duties.

(d) The Revenue CAGR and ROIC goals shall be adjusted to reflect the impact of any acquisition or disposition of an entity, business or business segment during the Performance Period.

4. Settlement and Payment of Performance Stock Units.

(a) Except as otherwise provided for payment upon a Sale Event or under Section 2(c)(ii), any earned Performance Stock Units shall be settled and shares of Stock issued to the Grantee as soon as administratively practicable following the Administrator's certification of the achievement of the Performance Goals at the end of the Performance Period (such date of settlement being the "Payment Date"); provided, that the Payment Date shall occur no later than March 15 of the year following the end of the Performance Period. Performance Stock Units earned under Section 2(c)(ii) shall be settled and shares of Stock issued to the Grantee or the Grantee's beneficiary as soon as administratively practicable following the Grantee's termination

of service, but no later than March 15 of the year following the year of Grantee's termination of service.

(b) Notwithstanding anything herein to the contrary, the Company may postpone the issuance of the shares of Stock until it is satisfied that the issuance of such Stock will not violate any applicable law. The actual issuance of the shares of Stock shall be subject to such terms and conditions as the Company may establish from time to time in order to comply with applicable law.

(c) Notwithstanding anything herein to the contrary, the Administrator may reduce or eliminate the number of Performance Stock Units earned if, in its sole judgment, such reduction or elimination is appropriate.

5. Sale Event. In the event of a Sale Event during the Performance Period, the Performance Stock Units will be deemed to have been earned at the greater of (a) the Target Award, or (b) the number of Performance Stock Units that would be earned based on the actual performance of the Company determined as if the Company's last quarter end prior to the date of the Sale Event was the last day of the Performance Period. The Performance Stock Units will become payable in shares of Stock or cash, as the Administrator may determine, within sixty (60) days following the Sale Event.

6. Dividend Equivalent Rights. If the Company pays a cash dividend on its Stock during the Performance Period, then the Grantee has the right to receive a cash payment at the time the earned and vested Performance Stock Units are settled determined by (a) multiplying the value of the dividends paid on a share of Stock during the Performance Period by the number of Performance Stock Units actually earned and vested at the end of the Performance Period ("Dividend Equivalents"). The right to Dividend Equivalents will cease and be forfeited upon the forfeiture and cancellation of the Performance Stock Units under this Agreement.

7. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

8. Limitations on Transferability. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

9. Tax Withholding. The Grantee acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Grantee any federal, state, local or other taxes of any kind required by law to be withheld with respect to the grant, settlement or payment of the Performance Stock Units. The Grantee shall satisfy such tax withholding obligations on the Performance Stock Units by transferring to the Company, on each date on which such tax liability shall arise, such number of shares of Stock as have a Fair Market Value equal to the amount of the Company's minimum required tax withholding obligation. Such delivery of Stock to the Company shall be deemed to happen automatically, without any

action required on the part of the Grantee, and the Company is hereby authorized to take such actions as are necessary to effect such delivery.

10. Compensation Recovery Policy. Notwithstanding anything contained in this Agreement to the contrary, all Performance Stock Units awarded under this Agreement, and any shares of Stock issued upon settlement hereunder shall be subject to forfeiture or repayment pursuant to the terms of the Company's Compensation Recovery Policy as in effect from time to time, including any amendments necessary for compliance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

11. Miscellaneous.

(a) Notice hereunder shall be given to the Company at its principal place of business, and shall be given to the Grantee at the address on file with the Company, or in either case at such other address as one party may subsequently furnish to the other party in writing.

(b) This Agreement does not confer upon the Grantee any rights with respect to continuation of employment by the Company or any Subsidiary.