

Nalco Holding CO
Form 8-K
August 26, 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 and Exchange Act of 1934

Date of Report (Date of earliest event reported): August 22, 2008

NALCO HOLDING COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

001-32342
(Commission File Number)

16-1701300
(IRS Employer Identification
Number)

1601 W. Diehl Rd., Naperville, IL 60563

630-305-1000

Check the appropriate box below if the Form 8-K 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 14d-2(b) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01

Entry into a Material Definitive Agreement

On August 22, 2008, Nalco Company (the "Company"), a subsidiary of Nalco Holding Company, entered into an Employment Letter Agreement with Eric G. Melin to serve as Chairman, Asia Pacific. A copy of the Agreement is filed with this report as Exhibit 99.1. The material terms and conditions of the Agreement are summarized in Item 5.02 below

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

Effective August 22, 2008, Nalco Company (the "Company"), a subsidiary of Nalco Holding Company, entered into an Employment Letter Agreement with Eric G. Melin to serve as Chairman, Asia Pacific, beginning September 1. The Employment Letter Agreement is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Base Salary

Mr. Melin will receive an annual base salary of \$420,000.

Annual Incentive Plan under the Company's Management Incentive Plan and Stock Incentive Plan

Mr. Melin will be eligible to participate in the Company's Management Incentive Plan ("MIP") and equity grants under the 2004 Stock Incentive Plan ("SIP"). Under the MIP, his annual bonus will have a target amount of 65% of his base salary pro-rated for the portion of the year during which he is employed, with a range of award to be earned of 0% to 200% of target based on actual performance in accordance with the terms of the MIP. Under the SIP the awards will represent approximately 100% of base salary.

Initial Cash and Equity Grants

Company intends to grant Mr. Melin restricted shares having a fair value of approximately \$400,000 and stock options valued at \$600,000 that vest on the third anniversary of the date of grant, subject to Mr. Melin's continued employment on the vesting date. The stock awards are expected to be made on October 7, 2008. Mr. Melin will also receive a sign-on grant of performance shares having a fair market value of \$200,000, vesting over three years, from 2009-2011, based on performance criteria established for that period. The restricted shares will accelerate and vest on a termination for reasons not constituting just cause.

Severance

Upon Mr. Melin's involuntary termination without Cause or voluntary termination for Good Reason, Mr. Melin's severance benefits under the Agreement will include:

- (i) a severance payment equal to one and one half times the sum of Mr. Melin's then current base salary plus his then-current target bonus amount under the MIP;
- (ii) continued participation for eighteen months in the Company's medical and dental plans at active employee rate(s); and
- (iii) a pro rata bonus under the MIP for the termination year based on actual performance for the year.

Confidential Information, Nonsolicitation, Noncompetition

Mr. Melin will comply with various covenants prohibiting disclosure of confidential information, solicitation of customers and employees, and engaging in competitive activity.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

The following exhibits are furnished pursuant to Item 9.01 of Form 8-K:

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| <u>(99.1)</u> | Employment Letter Agreement |
| <u>(99.2)</u> | Death Benefit Agreement |
| <u>(99.3)</u> | Employment Agreement. |
| <u>(99.4)</u> | Severance Agreement |
| <u>(99.5)</u> | Press Release announcing the appointment of Eric G. Melin to serve as Chairman, Asia Pacific. |

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.

NALCO HOLDING COMPANY

/s/ Stephen N. Landsman
Secretary

Date: August 26, 2008
