ITRON INC /WA/
Form DEF 14A
March 22, 2019
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

ITRON, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

ITRON, INC.

2111 N. Molter Road

Liberty Lake, Washington 99019

Notice of 2019 Annual Meeting of Shareholders

When:	**Where**:	**Who Can Vote**:	**Attending the Meeting:**
May 9, 2019 at 4:00 p.m., local time.	The Houstonian Hotel Linden Room 111 North Post Oak Lane Houston, Texas 77024	Shareholders of Itron s common stock as of the record date, March 1, 2019	Shareholders who wish to attend the meeting in person should review the directions set forth in the attached proxy statement under Directions to 2019 Annual Meeting.

Items of Business:

1. To elect three directors to the Company s Board of Directors.

2. To approve, on a non-binding advisory basis, the compensation of our named executive officers for the fiscal year ended December 31, 2018.

3. To ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accountant for the 2019 fiscal year.

4. To transact any other business that may properly come before the annual meeting.

Members of the Company s management will not make any formal presentation as part of the annual meeting, but will be available to address questions from shareholders, as appropriate. In addition, we expect all of our director nominees together with those directors continuing in office will attend the annual meeting.

Important notice regarding the availability of proxy materials for the shareholder annual meeting to be held on May 9, 2019. Our 2019 proxy statement is attached and, along with the Annual Report, is available for all shareholders at **www.edocumentview.com/ITRI.** Financial and other information concerning Itron is contained in our Annual Report for the 2018 fiscal year.

Your vote is very important. To ensure representation at the annual meeting, shareholders are urged to vote as promptly as possible. To vote your shares, please refer to the voting instruction form on the website noted above, or review the section titled Quorum and Voting in the proxy statement. Any shareholder attending the annual meeting may vote in person even if that shareholder has returned a proxy.

By Order of the Board of Directors,

Sarah E. Hlavinka
Corporate Secretary

Liberty Lake, Washington

March 22, 2019

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

This proxy statement is being furnished to shareholders of Itron, Inc. (the Company or Itron) in connection with the solicitation by our Board of Directors of proxies for use at the 2019 Annual Meeting of Shareholders. The meeting will be held in the Linden Room of the Houstonian Hotel, located at 111 North Post Oak Lane, Houston, Texas, 77024, at 4:00 p.m., local time, on Thursday, May 9, 2019, for the purposes listed in the accompanying Notice of Annual Meeting of Shareholders. The Company s principal executive office is at 2111 North Molter Road, Liberty Lake, Washington 99019.

Internet Availability of Annual Meeting Materials

Our proxy materials will be available for you to access over the Internet. On or about March 29, 2019, we will mail to our shareholders a Notice of Internet Availability of Proxy Materials (Notice) directing shareholders to the website provided on the Notice where they can access our proxy materials and view instructions on how to vote via the Internet or by phone. The Notice will also provide instructions for obtaining paper copies of the proxy materials and a proxy card, if requested by a shareholder.

The following proxy materials will be available for you to review online:

- The Company s Notice of Annual Meeting of Shareholders;
- The Company s 2019 Proxy Statement;
- The Company s Annual Report to Shareholders for the year ended December 31, 2018 (which is not deemed to be part of the official proxy soliciting materials); and
- Any amendments to the foregoing materials that may be required to be furnished to the shareholders by the Securities and Exchange Commission (SEC).

Proposals to Be Voted On at the Annual Meeting

At the annual meeting, we will consider and vote on the following proposals:

(1) to elect three directors to the Itron, Inc. Board of Directors, each for a term of three years ending upon our 2022 annual meeting of shareholders;

(2) to approve, on a non-binding advisory basis, the compensation of our named executive officers for the fiscal year ended December 31, 2018 (Say-on-Pay vote);

(3)

to ratify the appointment of Deloitte & Touche LLP as the Company s independent registered public accountant for the 2019 fiscal year; and

(4) to transact any other business that may properly come before the annual meeting.

Record Date and Outstanding Shares

Holders of record of our common stock at the close of business on March 1, 2019, are entitled to notice of, and to vote at, the annual meeting. On the record date, there were 39,854,779 shares of our common stock outstanding. Each outstanding share of our common stock will entitle its holder to one vote on each of the three directors to be elected and one vote on each other matter to be voted on at the annual meeting. Each of our directors and executive officers intends to vote or direct the vote of all shares of common stock over which he or she has voting control in favor of: (1) the election of the nominees for director; (2) the advisory approval of the compensation we paid our named executive officers in 2018; and (3) the ratification of Deloitte & Touche LLP as our independent registered public accountant.

Table of Contents

Quorum and Voting

Each shareholder is entitled to one vote per share of common stock held on each matter to be voted on. The presence at the annual meeting, in person or by proxy, of holders of a majority of the outstanding shares of common stock on the record date will constitute a quorum. Abstentions and broker non-votes (shares held by a broker or nominee who does not have the authority, express or discretionary, to vote on a particular matter) on any of the proposals to be voted on will be counted only for purposes of determining the presence of a quorum.

You may vote your shares in one of several ways, depending on how you own your shares.

Registered Shareholders (Shares held in your name)

Registered shareholders can vote in person, by Internet, by telephone, or by mail, by casting their vote as follows:

1) Accessing the Internet website specified in the Notice of Internet Availability and following the instructions provided on the website (or if printed copies of the proxy materials were requested, as specified in the printed proxy card); or

2) Requesting a printed proxy card and either calling the telephone number specified on the proxy card and following the instructions provided on the phone line, or completing, signing, dating, and promptly mailing the proxy card in the envelope provided; or

3) Attending and voting in person at the annual meeting.

Beneficial Shareholders (Shares held in the name of a broker, bank or other holder of record on your behalf)

If your shares are held in the name of a broker, bank, or other nominee or holder of record, follow the voting instructions on the voting instruction form provided to you by the holder of record to vote your shares.

Proposal One Election of Directors: Each nominee for director is elected by the vote of the majority of the votes cast with respect to that director s election (meaning the number of votes cast for a nominee must exceed the number of votes cast against such nominee). Holders of common stock are not entitled to cumulative votes in the election of directors. Abstentions from voting on this matter will not be counted. Brokers and other holders of record do not have discretionary voting authority to vote your shares in the election of directors, absent voting instructions from you. Therefore, if you are a beneficial shareholder and do not provide voting instructions on proposal number one to the holder of record for your shares, they will *not* be voted in the election of directors.

Proposal Two Say-on-Pay Vote (non-binding): The non-binding advisory vote on this proposal will be approved if the majority of votes cast are in favor of the proposal (meaning the number of votes cast for the proposal must exceed the number of votes cast against the proposal). Abstentions from voting on this matter will not be counted. Brokers and other holders of record do not have discretionary voting authority to vote your shares for this proposal, absent voting instructions from you. Therefore, if you are a beneficial shareholder and do not provide voting instructions on proposal number two to the holder of record for your shares, they will *not* be voted on this proposal.

Proposal Three   Ratification of Appointment of Independent Auditor: The appointment of Deloitte & Touche LLP as the Company s independent registered public accountant for 2019 will be ratified if the majority of the votes cast are in favor of the proposal (meaning the number of votes cast for the proposal must exceed the number of votes cast against the proposal). Abstentions from voting on this matter will not be counted. Brokers and other holders of record *do* have discretionary authority to vote

-2-

Table of Contents

shares on this matter. Therefore, there will be no broker non-votes on the ratification of the Company s independent registered public accountant.

Unless contrary instructions are specified, if the proxy is completed and submitted (and not revoked) prior to the annual meeting, the shares represented by the proxy will be voted as follows: (i) FOR proposals one, two, and three; and (ii) in accordance with the best judgment of the named proxies on any other matters properly brought before the annual meeting.

Revocability of Proxies

Shares represented at the annual meeting by properly signed proxies will be voted at the annual meeting in accordance with the instructions given in the proxy. A shareholder may revoke a proxy at any time before the vote. Mere attendance at the annual meeting will not revoke a proxy. A proxy may be revoked only by:

- submitting a later-dated proxy by mail, by Internet or by telephone for the same shares at any time before the proxy is voted;

- delivering written notice of revocation to the Corporate Secretary of the Company at any time before the vote; or

- attending the annual meeting *and* voting in person.

If the annual meeting is postponed or adjourned for any reason, at any subsequent reconvening of the annual meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the annual meeting (except for any proxies that have at that time effectively been revoked or withdrawn).

Proxy Solicitation

For the 2019 annual meeting, we have retained Innisfree M&A Incorporated to aid in the solicitation of proxies. We will bear the cost of such solicitation of proxies, which we estimate will be approximately $10,000, plus expenses. Proxies may be solicited by personal contact, mail, email, telephone, or facsimile. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of our common stock for their reasonable expenses in forwarding solicitation materials to the beneficial owners. Our directors, officers, and employees may also solicit proxies personally or by telephone, without additional compensation.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

The Board of Directors (Board) is divided into three classes, with each director holding office for a three-year term or until his or her successor has been duly elected and qualified, or until his or her death, resignation or removal from office. At the 2019 Annual Meeting of Shareholders (Annual Meeting), shareholders are being asked to re-elect three Class 3 directors for terms of three years or until their death, resignation, or removal from office or their successors are duly elected and qualified. Unless authority is withheld, the persons named as proxies will vote for the election of the nominees listed below. If any of the nominees become unavailable to serve, the persons named as proxies will have discretionary authority to vote for a substitute nominee.

Our Board has nominated the following persons for election to the Board. Each nominee is currently a director and has indicated that he or she is willing and able to continue to serve as a director.

Class 3 (to serve until the 2022 annual meeting)

Lynda L. Ziegler

Thomas S. Glanville

Diana D. Tremblay

We have concluded that each of the nominees for re-election, as well as the other directors who will continue in office, have the skills, experience, knowledge, and personal attributes that are necessary to effectively serve on our Board. As described below in their biographies and the section *Director and Director Nominee Qualifications* that follows, the qualifications of our directors and director nominees support our conclusion that each of the individuals should serve as a director in light of our current business operations and structure.

The Board recommends that shareholders vote FOR the election of each of the Class 3 director nominees.

MORE INFORMATION ABOUT OUR DIRECTORS

Class 3 Director Nominees Three Year Terms That Will Expire in 2022

Lynda L. Ziegler **Director since:** 2013 **Other Current Public Directorships:** None

Age: 66 **Independent**

Lynda Ziegler was elected Vice Chair of the Board in April 2015, and then Chair of the Board in September 2016. In September 2012, Ms. Ziegler retired from Southern California Edison (SCE), one of the largest electric utilities in the U.S. (and a customer of Itron), whose parent is Edison International. During her tenure at SCE, she held various management positions related to customer program offerings, customer service, development, communication and implementation of energy efficiency programs, marketing and communication of smart meters, and generally led all aspects of delivering power to almost 5 million customers. From 2006 to 2011, Ms. Ziegler was Senior Vice President of Customer Service, and from January 1, 2011 until her retirement in September of 2012, she served as Executive Vice President of Power Delivery Services, where she was responsible for transmission and distribution construction and maintenance, customer service, information technology (IT), and support services including procurement and real estate management. In the past, she has served on the advisory committee for power delivery and utilization at the Electric Power Research Institute and was a founding member of the Board of the Association for Women in Water and Energy.

Qualifications: Ms. Ziegler brings to the Board her extensive background with public utilities, especially with her recent responsibilities in the industry related to smart meters and customer relations from the utility perspective. Her breadth of knowledge of software services, transmission and distribution construction and maintenance, IT, and business development adds to the diverse business backgrounds of our other members of the Board.

Table of Contents

Thomas S. Glanville **Director since:** 2001 **Other Current Public Directorships:** Mitcham Industries, Inc.

Age: 60 **Independent**

Thomas Glanville has been the Managing Partner of Eschelon Advisors, LP and affiliates, providing energy and private equity investment and advisory services since 2003. From 1999 to 2002, Mr. Glanville served as Vice President of Technology and New Ventures for Reliant Energy, Inc., one of the world s largest international energy services companies, and its affiliate, Reliant Resources, Inc. In September 2015, he was appointed to the board of directors of Mitcham Industries, Inc. (NASDAQ: MIND), a publicly traded technology company for the oceanographic, hydrographic, defense, seismic, and security industries, where he also serves as chair of the board s audit committee. He currently serves on the board of directors for Strand Energy, L.C., a privately-held oil and gas exploration and production company, and Crescent Pass Energy, LLC, a private oil and gas production company. He served as Chairman of the Texas TriCities Chapter of the National Association of Corporate Directors (Houston, Austin, San Antonio) from 2011 through 2016.

Qualifications: Mr. Glanville brings to the Board financial expertise, industry-related experience through his association with Reliant Energy, energy sector exposure through the Eschelon entities and Mitcham Industries, and technology skills that include his involvement with electric metering studies and research while he was Vice President of Technology and New Ventures for Reliant Energy.

Diana D. Tremblay **Director since:** 2015 **Other Current Public Directorships:** None

Age: 59 **Independent**

Diana Tremblay retired from General Motors Company, the motor vehicle manufacturer and distributor multinational corporation (NYSE: GM) in September 2017. She had been with that company since 1977, and during her tenure at GM, she held a variety of positions in engineering, manufacturing and labor relations, including direct operational responsibility for over 50,000 employees. From July 2013 until her retirement, Ms. Tremblay served as Vice President of Global Business Services, where she was charged with streamlining administrative processes around the world to improve service quality, reduce complexity, and achieve cost efficiencies in such areas as finance, human resources, real estate, purchasing, asset management, and master data. From December 2009 to July 2013, Ms. Tremblay held the position of Vice President of Manufacturing at GM.

Qualifications: Ms. Tremblay brings to the Board her broad business experience that includes her previous roles at GM as an engineer, plant manager, head of manufacturing, and lead labor relations negotiator, which together with her knowledge of business services and global manufacturing processes, provide additional international, administrative and manufacturing perspectives to the Board.

-5-

Table of Contents

Current Class 1 Directors Directors with Terms That Will Expire in 2020

Jerome J. Lande **Director since:** 2015 **Other Current Public Directorships:** CONMED Corporation

Age: 43 **Independent**

Jerome Lande joined Scopia Capital Management LP (Scopia), an asset management firm and one of Itron s principal minority shareholders, in April 2016 and is currently a Partner and Head of Special-Situation Investments. He was previously the Managing Partner of Coppersmith Capital Management LLC (Coppersmith), an asset management firm focused on equity investing in small to mid-cap markets and in long-term value creation, which he co-founded in April 2012. Prior to co-founding Coppersmith, Mr. Lande was a partner of MCM Capital Management, LLC, the general partner of MMI Investments, LP, a small-cap investment fund founded in 1996 to employ private equity investing methodologies in public equities, and where Mr. Lande oversaw research, trading and activism from 1998 to 2011. Prior to that time, he was associated with other equity investment firms where he was directly involved with corporate development as well as equity growth. Until the completion of a merger on December 7, 2018, Mr. Lande served as a member of the board of directors and the Nomination and Governance Committee of Forest City Realty Trust, Inc. (NYSE: FCEA), a national real estate company, Mr. Lande is a member of the board of directors of CONMED Corporation (NASDAQ: CNMD), a public global medical technology company, where he also serves on the compensation and strategy committees.

Qualifications: Mr. Lande brings to the Board financial and investing acumen gained through his many years of experience at several equity investment firms, including his current employer Scopia (and affiliates), which is a principal minority shareholder of the Company.

Frank M. Jaehnert **Director since:** 2015 **Other Current Public Directorships:** Nordson Corporation; Briggs & Stratton Corporation

Age: 61 **Independent**

From 1995 to his retirement in 2013, Frank Jaehnert held several roles with Brady Corporation (NYSE: BRC), a publicly traded manufacturer and marketer of complete solutions that identify and protect premises, products and people. These roles included President and Chief Executive Officer from 2003 to 2013, Senior Vice President and President of a business line from 2002 to 2003, and Vice President and Chief Financial Officer from 1996 to 2001. Prior to joining Brady Corporation, Mr. Jaehnert held various financial and management positions for Robert Bosch GmbH, a German multinational engineering and electronics company. Mr. Jaehnert serves on the board of directors of Nordson Corporation (NASDAQ: NDSN), which he joined in 2012, and Briggs & Stratton Corporation (NYSE:

BGG), which he joined in 2014. NDSN and BGG are both publicly traded large manufacturing companies. Mr. Jaehnert also serves on the NDSN executive committee and as the chair of the NDSN audit committee and on the BGG audit and nominating and governance committees.

Qualifications: Mr. Jaehnert has extensive, broad-based international business and executive management and leadership experience. Mr. Jaehnert s diverse background, his experience with geographic expansion and acquisitions, as well as his experience serving on other public company boards bring valuable perspectives to the Board.

Table of Contents

Gary E. Pruitt	**Director since:** 2006	**Other Current Public Directorships:** Public
Age: 69	**Independent**	Storage, Inc.; PS Business Parks, Inc.

In 2010, Gary Pruitt retired as Chairman of Univar N.V. (Univar), a multi-national chemical distribution company based in Bellevue, Washington, and retired as Chief Executive Officer in October 2009. Before joining Univar in 1978, Mr. Pruitt was a chartered accountant with Arthur Andersen from 1973 through 1977. Mr. Pruitt is a member of the board of directors of Public Storage, Inc. (a real estate investment trust specializing in self-storage facilities) (NYSE: PSA) and PS Business Parks, Inc. (a full-service real estate company) (NYSE: PSB). Mr. Pruitt is a Lead Independent Trustee of PSA and also serves as a member of its audit and governance committees. He also is a member of the audit committee of PSB.

Qualifications: Mr. Pruitt brings to the Board his experience as a chief executive officer of a multi-national company and all the business attributes required of that position, along with operational and manufacturing expertise through his various other management positions held with Univar. His public accounting financial background and other public board experiences provide strategic and global perspectives on our business as well.

Current Class 2 Directors Directors with Terms That Will Expire in 2021

Philip C. Mezey	**Director since:** 2013	**Other Current Public Directorships:** None
Age: 59		

Philip Mezey has served as President and Chief Executive Officer of Itron since January 1, 2013. Mr. Mezey was previously President and Chief Operating Officer of Itron s Energy segment from March 2011 until December 31, 2012. Mr. Mezey joined Itron in March 2003 as Managing Director of Software Development for Itron s Energy Management Solutions Group as part of Itron s acquisition of Silicon Energy Corp., where he had most recently served as its Senior Vice President of Product Development and Strategy. Mr. Mezey was promoted to Group Vice President and Manager of Software Solutions in 2004. In 2005, he became Senior Vice President Software Solutions, and in 2007 Mr. Mezey became Senior Vice President and Chief Operating Officer Itron North America. On January 22, 2019, Mr. Mezey informed the Itron Board of his intention to retire from his positions. By mutual agreement with the Board, Mr. Mezey will continue to lead the Company as President and Chief Executive Officer and serve as a member of its Board until August 31, 2019, or until a successor is appointed. Upon the appointment of a successor, Mr. Mezey will remain with the Company as an advisor through December 31, 2019, to help facilitate a seamless transition.

Qualifications: Mr. Mezey brings to the Board more than thirteen years of experience in research and development, manufacturing, and business development for metering software and related services. While at Silicon Energy Corp., he managed the marketing department and was directly involved with a number of mergers and acquisitions prior to

Itron s acquisition of that company. During his tenure at Itron, he has had extensive exposure to international systems and utilities throughout the world, and, as the only employee director, Mr. Mezey provides the Board with valuable insight into management s views and perspectives, as well as the day-to-day operations of Itron.

Table of Contents

Daniel S. Pelino **Director since:** 2014 **Other Current Public Directorships:** None
Age: 61 **Independent**

Dan Pelino retired from International Business Machines Corp., the multinational technology company (NYSE: IBM) in November 2016, where he had been employed since 1980, most recently as General Manager of IBM s public sector business, a position he had held since 2012. The public sector business focused on government, education, healthcare and life sciences industries, including IBM s Smarter Cities initiative. While at IBM, Mr. Pelino held several other positions of escalating responsibility focused on helping organizations, states, and countries transform and digitize their technology systems. Mr. Pelino currently serves on the executive committee for the Patient Centered Primary Care Collaborative and on the board of directors of the Healthcare Executive Network.

Qualifications: Mr. Pelino provides the Board with a strong background in technology, brand marketing, and business innovation and development. With his worldwide experience in governmental business and strategies, he brings a current global business perspective to the Board. In addition, Mr. Pelino s knowledge of digitized services created for economic development adds invaluable insight to the Company s smart metering systems and strategies for its utility customers.

Timothy M. Leyden **Director since:** 2015 **Other Current Public Directorships:** None
Age: 67 **Independent**

Tim Leyden retired in 2015 after eight years with Western Digital Corporation (NASDAQ: WDC), a company that manufactures hard-disk drives used to record, store, and recall volumes of data. He served as WDC s Chief Financial Officer from 2013 until January 2015, President of Western Digital, one of WDC s two operating subsidiaries, from 2012 to 2013, its Chief Operating Officer from 2010 to 2012, and its Executive Vice President of Finance and Chief Financial Officer from 2007 to 2010. Prior to joining WDC, Mr. Leyden was Vice President and then Senior Vice President of Finance and Chief Financial Officer for Sage Software PLC, a customized software solutions business, from 2001 to 2007. Mr. Leyden serves on the board of directors for Oakgate Technology, Inc., a private company that provides test, validation and benchmarking products and services to the storage industry, Virtium LLC, a private company that provides storage and memory innovation for various embedded industrial segments, Oracle Elevator Company, a private company providing maintenance, repair, and modifications to commercial elevators, and on the Board of Advisors of BlytheCo, a private company that brokers a variety of 3rd party software solutions to all sizes of businesses. These solutions include ERP, CRM and HCM software installations.

Qualifications: Mr. Leyden brings to the Board a mix of financial and operational experience (in both hardware and software industries), in addition to a background that includes mergers and acquisitions and integration experience related to the assimilation of acquired companies into both WDC and Sage Software. His prior experience with overseeing global manufacturing, engineering, marketing, and sales operations, when combined with his financial and accounting background, adds a depth of international insight to the Board.

Table of Contents

Snapshot of Directors and Director Nominees

Director and Director Nominee Qualifications

Our Nominating and Corporate Governance Committee assists the Board in reviewing the business and personal background of each of our directors with respect to our business and business goals. Our skill criteria for our Board members includes a person with the following personal criteria: adheres to and demonstrates the highest ethical standards and personal and professional integrity; an effective negotiator, listener, and team player; a visionary with a strategic and global perspective; a successful leader with a proven record of accomplishments; a problem-solver; an effective decision-maker; and a person who will take a strong interest in the Company. In addition, we believe that certain skills and experience should be represented on the Board, as represented below, although not every Board member must possess all such skills and experience to be considered capable of making valuable contributions to the Board.

	Frank Jaehnert	Thomas Glanville	Jerome Lande	Tim Leyden	Philip Mezey	Dan Pelino	Gary Pruitt	Diana Tremblay	Lynda Ziegler	Total
Executive leadership experience										**9**
Business development experience										**9**
Financial expertise/CFO										**6**
Public board and governance experience										**9**
Industry expertise										**3**
Global experience										**7**
Manufacturing and/or Supply Chain expertise*										**6**
Technology and Innovation expertise										**5**
Marketing/sales expertise										**6**
Hardware/software services expertise										**4**
Government expertise										**2**
Compensation, Benefits and Talent Management **										**7**
Mergers and Acquisitions										**7**

Table of Contents

* Has run or overseen manufacturing or supply chain operations.

** Serves as member of the Compensation Committee of our Board or has overseen compensation and benefits in a management capacity.

Our Nominating and Corporate Governance Committee generally considers diversity as one of several factors relating to overall composition when making nominations to our Board. Although we do not have a formal policy governing how diversity is considered, the Nominating and Corporate Governance Committee generally considers diversity by examining the entire Board membership and, when making nominations to our Board, reviewing the diversity of the entire Board. The Nominating and Corporate Governance Committee construes Board diversity broadly to include many factors, including, but not limited to, gender, age, and ethnicity. As a result, the Nominating and Corporate Governance Committee strives to ensure that our Board is represented by individuals with a variety of different opinions, perspectives, personal, professional, and industry experience and backgrounds, skills, and expertise. Currently, of the eight independent directors on our Board who are nominees or continuing on the Board after the Annual Meeting, three are either former Chief Financial Officers (CFOs) or former Chief Executive Officers (CEOs), two are under the age of 60, six have global business experience, and two are women, including our Board Chair.

Director Qualifications and Attributes

We have concluded that all of our directors, including the nominees for re-election, have the skills, experience, knowledge, and personal attributes that are necessary to effectively serve on our Board and to contribute to the overall success of our Company. We believe that the diverse background of each of our Board members ensures that we have a Board that has a broad range of industry-related knowledge, experience, and business acumen. *See also CORPORATE GOVERNANCE Director Nominations by Shareholders* in this proxy statement.

Compensation of Directors

The Nominating and Corporate Governance Committee annually reviews compensation paid to non-employee directors and makes recommendations for adjustment, as appropriate, to the Board. The Company did not change the compensation paid to non-employee directors for the 2018 fiscal year. Both equity and cash compensation were determined using benchmark data from our peer companies provided by the Compensation Committee s independent compensation consultant, Frederic W. Cook & Co. (F.W. Cook).

Compensation structure for directors (1)	**2018**
Regular retainer (all directors except Mr. Mezey and Ms. Ziegler)	
Total annual base retainer (2)	$165,000
Cash	$65,000
Stock	$100,000
Annual committee chair retainer (cash)	
Compensation	$15,000
Nominating & Corporate Governance	$15,000
Audit/Finance	$20,000
Value Enhancement (3)	$20,000
Annual committee member retainer (cash)	

Compensation	$6,500
Nominating & Corporate Governance	$5,000
Audit/Finance	$10,000
Value Enhancement (3)	$10,000
Board Chair retainer	
Total annual Board Chair retainer (2)(4)	$250,000
Cash	$120,000
Stock	$130,000

-10-

Table of Contents

(1) Director compensation is payable quarterly at the beginning of each quarter.
(2) In 2014, the Board adopted a policy that permits a director age 65 or older to elect to receive all of his or her retainer in cash, provided they continuously meet the stock ownership guidelines described in the following paragraph.
(3) The Value Enhancement Committee was not renewed following the February 2018 meeting.
(4) The Board Chair receives no additional retainers for serving on any of our committees.

In 2018 and prior years, new non-employee directors received a grant of restricted stock units (RSUs) equal in value to $32,500, which is 50% of the annual cash retainer for directors other than the Board Chair. Upon election to the Board, the non-employee directors RSUs vest in equal installments on each of the first three anniversaries of the date of grant. Shares of our common stock and RSUs granted to non-employee directors are issued under our Second Amended and Restated 2010 Stock Incentive Plan (Second A&R 2010 Plan).

2018 Director Compensation Table (for all non-employee Directors)

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (18)	Option Awards ($) (19)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (20)	Total ($)
Kirby Dyess (1)(2)(3)	38,250	49,928	-	-	-	-	88,178
Thomas Glanville (4)	85,000	99,849	-	-	-	-	184,849
Frank M. Jaehnert (5)(6)	86,500	99,849	-	-	-	-	186,349
Jerome Lande (7)(8)(9)(10)	77,500	-	-	-	-	-	77,500
Timothy Leyden (7)(11)	80,000	99,849	-	-	-	-	179,849
Peter Mainz (1)(8)(9)(12)	38,250	49,928	-	-	-	10,482	98,660
Daniel Pelino (5)(13)	76,500	99,849	-	-	-	-	176,349
Gary Pruitt (7)(8)(14)	177,500	-	-	-	-	-	177,500
Diana D. Tremblay (8)(15)	82,500	99,849	-	-	-	-	182,349
Lynda Ziegler (16)(17)	120,000	129,885	-	-	-	-	249,885

(1) Members of the Compensation Committee until their retirement from the Board at the 2018 Annual Meeting.

(2) Member of the Nominating and Corporate Governance Committee until her retirement from the Board at the 2018 Annual Meeting.

(3) Ms. Dyess did not stand for re-election at the 2018 Annual Meeting and retired effective May 10, 2018.

(4) Chair of the Audit/Finance Committee.

(5) Member of the Compensation Committee.

(6) Chair of the Nominating and Corporate Governance Committee.

(7) Member of the Audit/Finance Committee.

(8) Member of the Value Enhancement Committee until the committee disbanded on May 10, 2018.

(9) Messrs. Lande and Mainz were initially appointed to the Board pursuant to a cooperation agreement with Coppersmith Capital Management, LLC, Scopia Management, Inc., Jerome J. Lande, and Peter Mainz.

(10) Mr. Lande waived equity grants and his cash retainers were paid directly to Scopia Capital Management LP.

(11) Chair of the Value Enhancement Committee until the committee disbanded on May 10, 2018.

(12) Mr. Mainz did not stand for re-election at the 2018 Annual Meeting and retired effective May 10, 2018.

(13) Member of the Nominating and Corporate Governance Committee.

(14) Mr. Pruitt elected to receive his 2018 equity awards in cash.

(15) Chair of the Compensation Committee.

Table of Contents

(16) Ms. Ziegler served as a member of the Nominating and Corporate Governance Committee, but was not compensated for her service on that committee.

(17) Board Chair.

(18) The amounts in this column reflect the aggregate grant date fair value of the awards determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718). Quarterly retainer grants to directors vest immediately. Ms. Dyess and Mr. Mainz elected to defer their equity grants for 2018. As of December 31, 2018, the following directors had the following RSUs outstanding: K. Dyess - 6,224; F. Jaehnert - 2,023.

(19) No options were granted to non-employee directors in 2018. As of December 31, 2018, the following directors had the following options outstanding: K. Dyess - 3,099; T. Glanville - 1,102; G. Pruitt - 2,486.

(20) Reflects retirement gift and a related tax gross-up for Mr. Mainz.

Stock Ownership Guidelines

Since 2006, we have maintained stock ownership guidelines for our non-employee directors. We expect our directors to accumulate shares equal to five times their annual cash retainer within five years from their initial appointment or election as a director, or to be making progress towards meeting the guidelines. For our Board Chair that equates to a value of $600,000, and for the other directors, it equates to a value of $325,000. All of our non-employee directors currently comply with these ownership guidelines.

Deferred Compensation Plan

Pursuant to the Company s Amended and Restated Executive Deferred Compensation Plan dated January 1, 2012, our non-employee directors are eligible to participate in that plan and may defer up to 100% of any director fees and 100% of any shares of common stock that he or she anticipates receiving into a nonqualified account.

Table of Contents

CORPORATE GOVERNANCE

Leadership Structure of the Board of Directors

The leadership of our Board is managed by our Board Chair. Our Corporate Governance Guiding Principles (Governance Principles) generally require the role of Board Chair to be held by an independent director who meets the independence requirements of NASDAQ. The Board believes having separate roles of Board Chair and CEO allows for a more balanced workload between the Board Chair and the CEO, especially in light of the current duties and responsibilities of the Board Chair, which include the following:

- Preside over all meetings of the Board (including executive sessions of the Board) and meetings of the shareholders;
- Review the agendas of each Board and committee meeting;
- Prepare agendas as needed for executive sessions of the independent directors;
- Serve as a liaison between the independent directors and the CEO;
- In consultation with the CEO, make recommendations to the Nominating and Corporate Governance Committee as to membership of Board committees and appointment of Board committee Chairs; and
- Perform such other duties as the Board may require.

Pursuant to the Governance Principles, the Board Chair must be an independent director unless the Board determines that the best interests of shareholders would otherwise be better served. The Board Chair is elected by the members of the Board following the annual meeting of shareholders (or at such other time as a vacancy for the role of Board Chair may occur). The Board Chair serves for a term of three years (provided such director is re-elected by shareholders if his or her term as a director does not coincide with his or her term as Board Chair). The Board Chair may not serve more than two consecutive terms, unless the Board approves an extended term. Our current Chair, Lynda L. Zeigler, is serving her first term that will expire at the 2019 annual meeting.

If the Board determines that it is in the best interests of the shareholders to combine the roles of CEO and Board Chair, the Board will appoint a Lead Independent Director with the duties set forth in the Governance Principles.

The current Governance Principles, as amended, may be found online at *www.itron.com* by selecting Investors and then Corporate Governance. *See CORPORATE GOVERNANCE* in this proxy statement for additional information on our Board.

Corporate Governance Guiding Principles

The Company s Governance Principles are available on the Company s website, *www.itron.com*, by selecting Investors and then Corporate Governance.

Board Matters Meeting Attendance

Our business, property, and affairs are managed under the direction of our Board. Members of our Board are kept informed of our business through discussions with our CEO and other officers, by reviewing materials provided to them, by visiting our offices, and by participating in meetings of the Board and its committees.

In accordance with our Governance Principles, directors are expected to attend the Company s annual meeting of shareholders. All our directors attended the 2018 annual meeting of shareholders in person.

Table of Contents

During 2018, the Board met seven times. All the directors attended at least 75% of the meetings of the Board and committees on which he or she served. Also, in accordance with our Governance Principles, our independent directors meet in an executive session as often as necessary, but no less than four times annually.

Director Independence

Our common stock is listed on the NASDAQ stock exchange. Under the rules of NASDAQ, independent directors must comprise a majority of a listed company s board of directors. In addition, the rules of NASDAQ require that, subject to specified exceptions, each member of a listed company s audit, compensation, and nominating and corporate governance committees be independent. Under the rules of NASDAQ, a director will only qualify as an independent director if that company s board of directors determines that the person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

As recommended by the Nominating and Corporate Governance Committee, the Board has determined that a majority of our Board are independent directors as defined under the rules of NASDAQ and the SEC, with Mr. Mezey serving as the sole non-independent director. As Mr. Mezey does not sit on any committees, and as recommended by the Nominating and Corporate Governance Committee, the Board has determined that all members of Itron s committees are independent under SEC rules and NASDAQ listing standards. In addition, as recommended by the Nominating and Corporate Governance Committee, the Board has determined that all members of our Audit/Finance Committee are independent under Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Committees of the Board

We have three committees to assist the Board in fulfilling its responsibilities: Nominating and Corporate Governance, Audit/Finance, and Compensation. The Value Enhancement Committee was not renewed following the February 2018 meeting. Each of the three current committees operates under a written charter that has been approved by the Board. The committee charters are reviewed annually and are updated as necessary to reflect changes in regulatory requirements and evolving oversight practices. In 2018, all of the committee charters were amended, as described below, and all three of the current committee charters are available on our website at http://investors.itron.com/corporate-governance-0. The table below provides membership of each committee at the end of fiscal year 2018, followed by a description of each committee s responsibilities.

Director	Compensation	Nominating and Corporate Governance	Audit/Finance
Thomas S. Glanville			
Frank M. Jaehnert			
Jerome J. Lande			
Timothy M. Leyden			
Philip C. Mezey			
Daniel S. Pelino			
Gary E. Pruitt			
Diana D. Tremblay			
Lynda L. Ziegler			
	6	4	8

Number of meetings in fiscal
year 2018
Committee Member Committee Chair

Table of Contents

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (NCGC) is primarily responsible for:

- developing and implementing our Governance Principles
- evaluating the performance of our Board Chair and the CEO, as well as the other directors and the Board as a whole
- soliciting recommendations for candidates for the Board
- determining the qualification of the directors serving on the Board
- making recommendations to the Board regarding the independence of the directors serving on the Board
- recommending candidates to serve on the Board
- reviewing and making recommendations to the Board with respect to candidates for directors proposed by shareholders

To assist the committee in its identification of qualified director candidates, it has historically engaged an outside search firm and may do so in the future. The NCGC also reviews the compensation paid to our directors and makes recommendations to the Board on director fees and other compensation payable to the Board members.

The Board amended the NCGC s charter in 2018 to change the name from the Corporate Governance Committee to the Nominating and Corporate Governance Committee. All of the members of the NCGC are independent under SEC rules and NASDAQ listing standards.

Audit/Finance Committee

The Audit/Finance Committee (AFC) is primarily responsible for:

- monitoring our borrowings and capital structure, accounting policies, internal controls over financial reporting, and financial results
- determining the compensation of our independent auditors

reviewing at least quarterly our business financial risks to determine if management and our internal controls are identifying and mitigating risks associated with our business operations

recommending to the Board whether to retain or terminate our independent auditors

The Board amended the AFC s charter in 2018 to clarify risk responsibilities of the committee and to effect the name change of the NCGC. The Board has determined that all members of the AFC are independent under SEC rules and NASDAQ listing standards, including Rule 10A-3 of the Exchange Act. The NCGC has determined that all of the current members of the AFC are financially literate in accordance with the Standards of NASDAQ Rule 5605(c)(2)(A)(iv), and audit committee financial experts as defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee

The Compensation Committee (CC) is primarily responsible for:

recommending to the Board our CEO s total annual and long-term incentive compensation

- setting compensation levels for our other executive officers

- overseeing the administration of various incentive compensation and benefit plans, which includes an annual evaluation of our compensation plans and policies

The CC, when appropriate, may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Board or to Company officers. The Board amended the CC s charter in 2018 to effect the name change of the NCGC. The Board has determined that all members of the CC are independent under SEC rules and NASDAQ listing standards. In addition, all CC members are non-employee directors under Section 16b-3 of the Exchange Act and outside directors for the purposes of Section 162 (m) of the U.S. Internal Revenue Code. *See EXECUTIVE COMPENSATION CD&A* in this proxy statement for more information on the CC s responsibilities regarding the compensation of our executives.

Compensation Committee Interlocks and Insider Participation

No member of our Board s Compensation Committee has served as an officer or employee of the Company. None of our executive officers serve as a member of the compensation committee of any other company that has an executive officer serving as a member of our Board. None of our executive officers serve as a member of the board of directors of any other company that has an executive officer serving as a member of our Board s Compensation Committee.

Transactions with Related Persons

There were no related person transactions required to be disclosed pursuant to Item 404(a) of Regulation S-K in fiscal year 2018. In order to determine this, the Board requires our executive officers, directors and director nominees to disclose certain information regarding related person transactions. A related person transaction generally is a transaction (including any indebtedness or a guarantee of indebtedness) that involves the Company s directors, executive officers, director nominees, 5% or more beneficial owners of the Company s common stock, immediate family members of these persons, or entities in which one of these persons has a direct or indirect material interest. The current threshold required to be disclosed under SEC regulations is $120,000. Under its charter, the Nominating and Corporate Governance Committee of the Board has been delegated with the responsibility of reviewing and approving any related person transactions.

Our Board s Role in Risk Oversight

The Board has overall responsibility for risk oversight, including, as part of regular Board and committee meetings, general oversight of our executives management of risks relevant to the Company. The Board determines, directly or through Board committees, whether: (i) there are adequate processes designed and implemented by Company management such that risks have been identified and are being managed; (ii) the risk management processes are intended to ensure that Company risks are taken into account in corporate decision-making; and (iii) the risk management processes and procedures ensure that material risks to the Company are brought to the attention of the Board or an appropriate committee of the Board. Each of the Company s risk management processes are reviewed periodically (but at least once a year) by either the Board or an appropriate committee to which the Board has delegated specific oversight responsibility, as described below. Throughout the year, the Board and each committee spend a portion of their time reviewing and discussing specific risk topics. Committee Chairs regularly report to the full Board on actions taken at committee meetings. At least annually, the Board conducts a review of our long-term strategic plans,

-16-

Table of Contents

and at each of our quarterly meetings, our General Counsel updates the Board on material legal and regulatory matters.

Board	Compensation	Nominating and Corporate Governance	Audit/Finance
Overall responsibility for risk oversight	Responsible for overseeing compensation risks, including assessing possible risks from our compensation plans and policies for our executives and ensuring that our executive compensation is aligned with Company performance	Oversees risks related to our overall corporate governance, including Board and committee composition, Board size and structure, and our director independence	Responsible for reviewing our major financial risk exposures, financial reporting, internal controls, credit and liquidity risk, compliance risk, and key operational risks
Assesses directly, through Board committees or through established processes and procedures, risks relevant to the Company	Reviews a summary and assessment of such risks annually and in connection with discussions of various compensation elements and benefits throughout the year	Reviews our Governance Principles annually pursuant to its charter	Meets regularly with our independent auditors and in executive session to facilitate a full and candid discussion of risk and other issues

Following a review of the Company s current risk management systems and processes, the Board has concluded that the current allocation of oversight responsibilities between the Board and its committees is adequate, provided that the committees continue to coordinate their risk oversight responsibilities, share information appropriately with the other Board members, and provide timely and adequate reports to the full Board. The Board continually evaluates its risk oversight role.

Code of Conduct

The Company has adopted a Code of Conduct that applies to all directors, officers, and employees of the Company and any subsidiary of the Company and is available on the Company s website, *www.itron.com*, by selecting Investors and then Corporate Governance. In addition, we have adopted policies and procedures for reporting and investigating suspected violations of the Code of Conduct. The Company intends to satisfy any future disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to or waiver from application of the code of ethics or provisions of the Code of Conduct, that applies to the CEO or the CFO, by posting such information on our website, *www.itron.com*.

Table of Contents

Anti-Hedging Policy

The Company has adopted an Anti-Hedging Policy that prohibits our directors, officers, and employees from entering into transactions involving our securities that are designed to hedge or offset any decrease in the market value of Itron securities. *See EXECUTIVE COMPENSATION CD&A Anti-Hedging Policy* in this proxy statement for more information on this policy.

Incentive Repayment (Clawback) Policy

The Company has adopted a repayment or clawback policy, which provides that if a bonus or equity award (Award) is paid that is conditioned on meeting certain financial metrics, and, subsequently, there is a required financial restatement, which, had the correct information been known at the time, would have resulted in a lower Award, then the Board has the right to demand repayment of the excess amount of the Award, net of taxes, from an executive officer who has received an Award. If the Board (or its delegated committee) determines that fraud has resulted in a material financial restatement, it is required that the Board demand repayment from the executive officer engaged in the fraud of the full Award, net of taxes.

Director Nominations by Shareholders

In accordance with the Company s Amended and Restated Bylaws, in order to nominate a director for election to the Board at an annual meeting of shareholders, a shareholder must deliver written notice of such nomination to the Corporate Secretary of the Company at the Company s executive offices no fewer than 60 days nor more than 90 days prior to the date of the annual meeting (or if less than 60 days notice or prior public disclosure of the date of such annual meeting is given or made to the shareholders, not later than the tenth day following the day on which notice of the date of the annual meeting was mailed or public disclosure was made). The notice of a shareholder s intention to nominate a director must include:

- the name and address of the shareholder;
- a representation that the shareholder is entitled to vote at the meeting at which directors will be elected;
- a statement of the number of shares of the Company that are beneficially owned by the shareholder;
- a representation that the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

and the following information with respect to the person nominated by the shareholder:

- name and address;

other information regarding such nominee as would be required in a proxy statement filed pursuant to applicable SEC rules;

a description of any arrangements or understandings between the shareholder and the nominee and any other persons (including their names), pursuant to which the nomination is made; and

the consent of such nominee to serve as a director, if elected.

Other directors and senior management of the Company may also recommend director nominees for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee evaluates director nominees, including nominees that are submitted to the Company by a shareholder, taking into consideration the qualification criteria set forth under

ELECTION OF DIRECTORS Director and Director Nominee Qualifications in this proxy statement. In the event of a shareholder recommendation, the Nominating and Corporate Governance Committee screens and evaluates the person recommended in the same manner as other candidates. In addition, the Nominating and Corporate Governance Committee determines if the proposed director nominee will have sufficient time available to effectively carry out his or her Board duties and responsibilities. The Nominating and Corporate Governance Committee may then recommend the director candidate to the Board for its consideration, if deemed appropriate.

Shareholder Communications with the Board

The Company s Board provides a process whereby shareholders may contact the Board or any committee as a group or any committee Chair or individual director, by email addressed to *boardofdirectors@itron.com*. Shareholders should clearly specify in each communication the name of the director to whom the communication is addressed. Shareholders may also write to the Board or any committee as a group or any committee Chair or individual director by sending the communication to: Itron, Inc., Attn: Corporate Secretary, 2111 N. Molter Road, Liberty Lake, WA 99019. Communications may also be submitted through our website at *www.itron.com* by selecting Investors, Corporate Governance, and then Contact the Board.

Shareholder communications are delivered directly to the Corporate Secretary of the Company, who then determines whether to forward such communications to the specified director addressees. You can access a description of the process that the Corporate Secretary uses for determining whether to forward shareholders communications to directors at our website, *www.itron.com*, by selecting Investors, Corporate Governance, and then Contact the Board.

Shareholders wishing to submit proposals for inclusion in the proxy statement relating to the 2020 annual shareholders meeting should follow the procedures specified under *SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING* in this proxy statement. Shareholders wishing to nominate directors should follow the procedures specified under *CORPORATE GOVERNANCE Director Nominations by Shareholders* in this proxy statement.

Table of Contents

PROPOSAL 2 ADVISORY APPROVAL OF EXECUTIVE COMPENSATION (Say-on-Pay)

We are asking our shareholders to approve a non-binding advisory resolution on the Company s executive compensation programs for our named executive officers (NEOs) (commonly known as say-on-pay) as we have described them in this proxy statement. Although this advisory vote is non-binding, the Board and the Compensation Committee will take into account the outcome of the vote when considering future compensation decisions for our executives. As discussed in the Compensation Discussion and Analysis (CD&A) section of this proxy statement, we believe our compensation programs are reasonable, competitive and strongly focused on pay-for-performance principles that will result in the creation of long-term shareholder value. Some of the features of our compensation programs that illustrate our philosophy are:

A significant portion of an NEO s compensation is at-risk or performance-based and subject to the Company s operating and financial performance. We consider annual cash-based incentives, equity long-term incentives, and stock options to be performance-based, because each of these three elements is valuable to the executive only if performance goals are achieved and/or our share price improves. In fiscal year 2018, the executive compensation package (base salary and short- and long-term incentives at target) included 85% of at-risk compensation for the CEO and an average of 76% of at-risk compensation for the other NEOs. Our long-term incentive plan (LTIP) for equity awards granted under our Amended and Restated 2010 Stock Incentive Plan (A&R 2010 Plan) or Second A&R 2010 Plan, as applicable has three-year performance periods, with one-year averages determined each year for measurement purposes, to encourage NEOs to make decisions that align our long-term goals with shareholder interests and to discourage excessive risk taking.

Stock ownership guidelines require executive officers to acquire and hold certain amounts of Itron stock to further strengthen alignment of management s interest with those of our shareholders.

We have established an Incentive Repayment (Clawback) Policy that covers awards under all of our incentive programs, and provides that if a bonus or equity award is paid that is conditional on meeting certain financial metrics, and subsequently, there is a required material financial restatement, which, had the correct information been known at the time, would have resulted in a lower award, then the Board (or its delegated committee) has the right to demand repayment of the excess amount of the award, net of taxes. If the Board (or its delegated committee) determines that fraud has resulted in a material financial restatement, it is required that the Board demand repayment of the full award, net of taxes.

We maintain our long-standing commitment to strong corporate governance by continuing our policies of (i) separate Board Chair and CEO roles, (ii) majority voting for directors, (iii) all independent Board members (except our CEO) and all independent committee members, (iv) executive sessions of independent directors after each quarterly Board meeting, and (v) prohibition on hedging or pledging of Itron stock by our executives.

The compensation of our NEOs varies depending upon the achievement of pre-established performance goals determined by the Compensation Committee (or the independent members of the Board, for the CEO), which are intended to serve as incentives for our executives. When performance does not meet the pre-established target goals, as was the case in prior years and in 2018, then the amount of compensation paid to our executives is correspondingly reduced or eliminated. Conversely, when the Company s operating and financial performance meets or exceeds the pre-established performance metrics, then the amount of compensation paid to our executives increases. *See The 2018 Executive Compensation Program in Detail* in the CD&A.

We believe our executive compensation policies have enabled us to retain and attract exceptional senior executives whose talent and experience have helped Itron become a leader in our industry. Our Compensation Committee (and for the CEO compensation also the independent members of the Board), which provides overall direction for our compensation programs, believes the fiscal year 2018 compensation paid to our NEOs is reasonable and appropriate and adequately reflects the Company s overall performance in 2018.

Shareholders are encouraged to read the full details of our executive compensation programs as described in the Executive Compensation section of this proxy statement.

For the reasons provided above, we recommend that the shareholders vote in favor of the following resolution:

RESOLVED, that the shareholders approve, on a non-binding advisory basis, the compensation of the Company s named executive officers, as disclosed in the Compensation Discussion and Analysis and compensation tables along with the accompanying footnotes and narrative disclosures of the proxy statement.

The Board recommends that shareholders vote FOR the approval of the compensation paid to our named executive officers in fiscal year 2018.

COMPENSATION DISCUSSION & ANALYSIS (CD&A)

This CD&A explains our executive compensation program for our named executive officers (NEOs) listed below. The CD&A also describes the process followed by the Compensation Committee of the Board (referred to as the Compensation Committee or the Committee in this CD&A) for making pay decisions, as well as its rationale for specific decisions related to 2018.

Name	Title
Philip C. Mezey	President and CEO
Thomas L. Deitrich	Executive Vice President and Chief Operating Officer (COO)
Joan S. Hooper	Senior Vice President and CFO
Sarah E. Hlavinka*	Senior Vice President, General Counsel and Corporate Secretary
Michel C. Cadieux	Senior Vice President, Human Resources

* On August 6, 2018, Ms. Hlavinka joined the Company as Senior Vice President, General Counsel and Corporate Secretary.

2019 Leadership Succession in Motion

On January 22, 2019, Philip Mezey, the Company s President and CEO and a member of the Board of Directors, informed the Board of his intention to retire from his positions. Mr. Mezey will continue to lead the Company as

President and CEO and serve as a member of the Board until August 31, 2019, or until a successor is appointed. Upon the appointment of a successor, Mr. Mezey will remain with the Company as an advisor through December 31, 2019, to help facilitate a seamless transition. For more information, refer to the Form 8-K filed by the Company on January 22, 2019.

Table of Contents

Executive Summary

Business Performance

In 2018, Itron continued to execute on strategic initiatives to deliver long-term value for our investors. We encountered supply chain headwinds throughout the year that impacted revenue and profitability. While we were able to mitigate some of the impact through cost controls, including reduced discretionary spending and the elimination of executive and management variable compensation, we fell short on our financial targets. Revenue, non-GAAP earnings per diluted share[(1)] (EPS), and earnings before interest, tax, depreciation and amortization (Adjusted EBITDA)[(1)(2)] metrics are all strongly embedded in our executive compensation program, which resulted in zero payment in 2018:

- Total Company consolidated revenue of $2.4 billion increased 18% from 2017, driven by the acquisition of Silver Spring Networks;
- Total Company Adjusted EBITDA of $235.8 million improved by 2% percent over 2017; and
- Non-GAAP EPS of $2.65 decreased 13% from 2017.

Despite the near-term headwinds that impacted 2018 financial results, Itron s executive leadership team remained focused on the Company s strategic vision to be a leading partner with utilities and cities to safely, securely and reliably deliver critical infrastructure services. We gained significant momentum on our strategy during the year. First, we strengthened our position in the Smart Energy and Smart City space with the acquisition of Silver Spring Networks. We are progressing well with synergy targets and the technology convergence roadmap to deliver a unified, highly-secure, value-generating solution that leaves no customer behind. Second, in October, we realigned our business segments to Device Solutions, Networked Solutions and Outcomes. This shift supports our strategy to accelerate growth in higher value network and outcomes-based solutions, while providing investors with valuable insight into our operations. Lastly, management continues to be focused on our commitment on expanding margins and executing on operational cost improvements through restructuring programs and other operational efficiency programs. Together, we expect these initiatives to deliver long-term value for our shareholders.

Compensation Highlights

Our executive compensation program has three primary elements: base salary, annual cash incentives (as part of our Executive Management Incentive Plan (EMIP)), and long-term equity incentives (as part of our Long-Term Incentive Plan (LTIP)). Each of these compensation elements serves a specific purpose in our compensation strategy. Base salary is an essential component to any market-competitive compensation program. Annual incentives reward the achievement of short-term goals, while long-term incentives drive our NEOs to focus on shareholder value creation. Based on our performance and consistent with the design of our program, the Compensation Committee made the following executive compensation decisions for fiscal 2018:

- None of the NEOs received base salary adjustments in 2018, except for Mr. Mezey, who received a 3% increase to better align his base salary with the market. See *Base Salary* in this CD&A for details.

(1) A schedule reconciling Adjusted EBITDA to net income and non-GAAP EPS to net income is available on page 40 of our 2018 Annual Report on Form 10-K.

(2) We define Adjusted EBITDA as net income (a) minus interest income, (b) plus interest expense, depreciation and amortization of intangible assets, restructuring, acquisition related expense, goodwill impairment and (c) excluding the tax expense or benefit.

EMIP: 2018 financial and strategic results did not meet threshold performance levels, which resulted in an overall attainment percentage of 0%. *See Annual Cash Incentives: The Executive Management Incentive Plan (EMIP)* in this CD&A for details.

LTIP: Under the LTIP, NEOs receive 50% of their annual grant in the form of performance-based restricted stock units (PRSUs). Consistent with the terms of the LTIP, the NEOs earned 103.36% of their target PRSUs for the 2016-2018 performance cycle. This attainment is the combination of an average non-GAAP EPS target attainment of 90.67% and a total shareholder return (TSR) multiplier of 114%. *See Long Term Incentives A Closer Look at Performance-Based Restricted Stock Units (PRSUs)* in this CD&A for details.

These payouts are aligned with the Company s business performance in 2018. The Compensation Committee believes that the design and structure of the Company s incentive program provide a direct link between Company performance and pay outcomes for the executives, as described in greater detail in the following section.

A Note About Onboarding Ms. Hlavinka: Ms. Hlavinka has more than 25 years of experience as a senior advisor and business executive with broad-based experience and legal background in the information technology, service, manufacturing and healthcare industries. To ensure that we could hire Ms. Hlavinka and to make up for compensation and equity being forfeited from her prior employer, the Committee provided a one-time, sign-on bonus of $650,000 to Ms. Hlavinka when she joined the Company on August 6, 2018. Pursuant to her new hire arrangement, Ms. Hlavinka will be required to pay back all or a portion of this sign on bonus if she voluntarily terminates from Itron within two years from her date of hire. She also received a one-time, equity grant of Restricted Stock Units (RSUs) valued at $500,000. The RSUs vest one year from the anniversary date of the grant. These awards are one-time in nature and consistent with new hire arrangements for executives in similar roles.

Linking CEO Pay and Performance

A key component of our executive compensation philosophy is the link between compensation and overall business results and shareholder value creation. We strive to clearly communicate this to our shareholders and believe that looking at realizable pay in different contexts can illustrate this point effectively:

Realizable pay versus pay opportunity

Realizable pay for performance relative to peers

CEO Realizable Pay versus Pay Opportunity. Many of the required disclosures concerning CEO compensation discuss pay elements or opportunities that may be earned by the CEO. Realizable pay, on the other hand, more closely considers actual compensation earned (or earnable) based on performance. To illustrate the differences, we compared pay opportunity to realizable pay on a year-by-year basis over the past three years; for this purpose, we use the following definitions:

Pay opportunity represents:

The sum of base salary and target EMIP opportunity for each fiscal year; and

The grant date fair value of stock options, RSUs and PRSUs granted in each fiscal year.

Realizable pay represents:

The sum of base salary and actual EMIP paid for each fiscal year;

Table of Contents

- The in the money value of any stock options granted in each fiscal year, valued as of their vesting date, or if unvested, as of December 31, 2018;

- The value of RSUs granted in each fiscal year valued at their vesting date, or if unvested, as of December 31, 2018;

- The number of PRSUs actually earned based on performance, valued as of December 31, 2018; and

- For outstanding PRSUs (uncompleted performance cycles), the estimated number of PRSUs based on performance to date, valued as of December 31, 2018.

The chart below illustrates Mr. Mezey s realizable pay compared to his pay opportunity, as well as the corresponding year-end stock price for the last three years.

CEO Realizable Pay for Performance Relative to Peer Group. To provide another perspective, it is also helpful to understand the degree of alignment between CEO realizable pay and *performance relative to our peer companies*. *See Our Decision Making Process The Role of Peer Companies* in this CD&A for a list of the peer companies. To evaluate this alignment, we analyzed the relationship between realizable total direct compensation (TDC) for the CEO over 2015-2017 for the peer companies and for the Company, and TSR for the three years ended December 31, 2017. This time period was selected because it was most closely aligned with the compensation information available for our peer group companies for the years that Mr. Mezey has been our CEO.

For this purpose, realizable TDC is defined as the sum of:

- Actual base salaries paid over the three-year period;

- Actual annual incentives (bonuses) paid over the three-year period;

- In-the-money value as of December 31, 2017 of any stock options granted over the three-year period;

- The value as of December 31, 2017 of any restricted shares granted (including vested and unvested shares) over the three-year period; and

Table of Contents

Cash-based long-term incentives awarded during the period, and the value as of December 31, 2017 of any performance shares granted over the three-year period (assuming target performance for cycles not completed).

The chart below illustrates the percentile ranking of our three-year TSR and Mr. Mezey s realizable TDC relative to our peer companies. As the chart indicates, during the three-year period our TSR performance was above the median of the peer companies and Mr. Mezey s realizable TDC was below the median. Mr. Mezey s realizable TDC was within an alignment corridor representing a strong correlation between compensation and performance.

Best Compensation Practices & Policies

We also believe the following practices and policies promote sound compensation governance and are in the best interests of our shareholders and executives:

What We Do	What We Don t Do
Heavy emphasis on variable compensation	No employment agreements
50% of annual long-term incentives are performance based	No single trigger change-in-control cash payments
Rigorous stock ownership guidelines	No tax gross ups in our change-in-control agreements
Incentive Repayment (Clawback) Policy	No option backdating or repricing
Independent compensation consultant	No hedging or pledging
Annual risk assessments	No special perquisites

Table of Contents

2018 Say-On-Pay & Shareholder Engagement

Each year, we carefully consider the results of our shareholder say-on-pay vote from the preceding year. We also take into account the feedback we receive from our major shareholders, which is solicited by the Board Chair, and the Chair of the Compensation Committee, either in person or via telephone.

In 2018, approximately 95% of the votes cast supported our executive compensation decisions. Since 2012, the Board has regularly conducted proactive outreach meetings with the company s largest shareholders. During 2018, the Company offered meetings to shareholders representing 45% of shares outstanding, and directors met with shareholders representing 15% of shares outstanding to discuss topics including Company strategy and performance, governance, and executive compensation. Overall, our shareholders are highly supportive of our executive compensation program and its direction. Based on the positive feedback we received from our major shareholders, in addition to the vote result in 2018, we did not make substantive changes to the structure of our program. We will continue to keep an open dialogue with our shareholders to help ensure that we have a regular pulse on investor perspectives.

What Guides Our Program

Our Compensation Philosophy & Objectives

The philosophy underlying our executive compensation program is to employ the best leaders in our industry to ensure we execute on our business goals, promote both short-and long-term profitable growth of the Company, and create long-term shareholder value, all grounded in the following guiding principles:

Pay for Performance	A significant portion of an executive s total compensation should be variable (at risk) and dependent upon the attainment of certain specific and measurable annual and long-term business performance objectives.
Shareholder Alignment	Executives should be compensated through pay elements (base salaries and annual- and long-term incentives) designed to align executive compensation to the creation of long-term value for our shareholders.
Competitiveness	Target compensation should be set at the median of market to ensure that compensation is at a level that is competitive with that being offered to individuals holding comparable positions at other companies with which we compete for business and leadership talent.
Attraction and Retention	The executive compensation program should enable the Company to attract highly-talented people with exceptional leadership capabilities and retain high-caliber talent. When required, the Company may adjust individual elements of compensation to accomplish this goal.

Table of Contents

The Principal Elements of Pay: Total Direct Compensation (TDC)

Our compensation philosophy is supported by the following principal pay elements:

Pay Element	How Its Paid	What It Does	How It Links to Performance
Base Salary	**Cash (Fixed)**	Provides a competitive fixed rate of pay relative to similar positions in the market, and enables the Company to attract and retain critical executive talent	Based on job scope, level of responsibilities, individual performance, experience, and market levels
Annual Cash Incentive (EMIP)	**Cash (Variable)**	Focuses executives on achieving annual financial and strategic goals that drive long-term shareholder value	Payouts: 0% to 180% of target based on financial results and strategic goal attainment against pre-established goals, subject to the achievement of a threshold Adjusted EBITDA goal If the threshold Adjusted EBITDA goal is not achieved, no portion of the EMIP award will be paid Financial metrics: Total Company consolidated revenue and Adjusted EBITDA Strategic goals: tied to specific strategic objectives
Long-Term Incentive Plan (LTIP)	**Equity (Variable)**	Provides incentives for executives to execute on longer-term financial/strategic growth goals that drive shareholder value creation and support the Company s retention strategy	*See below*
50% of Annual LTIP Grant: *Performance-Based Restricted*		Rewards achievement of financial goals measured over a three-year performance period	Payouts: 0% to 200% of a target based on results against pre-established financial goals and relative TSR

Stock Units (PRSUs)		performance Financial metrics: Non-GAAP EPS and relative TSR
<u>25% of Annual LTIP Grant:</u> *Stock Options*	Rewards for stock price appreciation	Exercise price: 100% of fair market value on the grant date Vesting: 1/3 per year on the anniversary of the grant date Exercise term: 10 years
<u>25% of Annual LTIP Grant:</u> *Time-Vested Restricted Stock Units (RSUs)*	Supports retention	Vesting: 1/3 per year on the anniversary of the grant date Paid in Itron shares at vesting

Table of Contents

Pay Mix

The charts below show the target annual TDC of our CEO and our other NEOs for fiscal 2018. These charts illustrate that a majority of NEO TDC is variable (85% for our CEO and an average of 76% for our other NEOs).

Our Decision Making Process

The Role of the Compensation Committee

The Compensation Committee oversees the executive compensation program for our NEOs. The Committee is comprised of independent, non-employee members of the Board. The Committee works very closely with its independent consultant and management to examine the effectiveness of the Company s executive compensation program throughout the year. Details of the Committee s authority and responsibilities are specified in the Compensation Committee s charter, which may be accessed at our website, *www.itron.com*, by selecting Investors, and then Corporate Governance.

The Committee makes all final compensation and equity award decisions regarding our NEOs, except for the CEO, whose compensation is determined by the independent members of the full Board, based upon recommendations of the Committee.

The Role of Management

Members of our management team attend regular meetings where executive compensation, Company and individual performance, and competitive compensation levels and practices are discussed and evaluated. Only the Committee members are allowed to vote on decisions regarding NEO compensation.

The CEO reviews his recommendations pertaining to other executives (non-NEO) pay with the Committee providing transparency and oversight. Decisions on non-NEO pay are made by the CEO. The CEO does not participate in the deliberations of the Committee regarding his own compensation. Independent members of the Board make all final determinations regarding CEO compensation.

The Role of the Independent Consultant

The Committee engages an independent compensation consultant to provide expertise on competitive pay practices, program design, and an objective assessment of any inherent risks of any programs. Pursuant to authority granted to it under its charter, the Committee has hired F.W. Cook as its independent consultant. F.W. Cook reports directly to the Committee and does not provide any additional services to management. The Committee has conducted an independence assessment of F.W. Cook in accordance with SEC rules.

Table of Contents

The Role of Peer Companies

For some of our direct competitors who are not publicly held, or are smaller business units within a conglomerate, there is limited compensation information available. As a result, our peer companies for purposes of benchmarking executive compensation (Peer Companies) generally consist of direct competitors for which public information is available, who are part of the same broad Standard & Poor s (S&P) industry classifications of technology hardware and equipment or in software and services, and who are similar in size and scope of global operations as Itron. The Committee reviews the Peer Companies on an annual basis.

For the purposes of setting 2018 compensation, the Committee conducted an in-depth assessment of potential comparators to evaluate the degree to which the current Peer Companies have kept pace with Itron s growth and evolution. The Committee also took into consideration the broader marketplace to identify appropriate and relevant additions and removals from the current Peer Companies considering the acquisition of Silver Spring Networks and other recent peer company developments. As a result of this review, and with the support of F.W. Cook, the following changes were made to the Peer Companies:

Additions	Removals
F5 Networks, Inc.: provides application networking products and solutions	Ciber, Inc.: entered Chapter 11 bankruptcy in April 2017
ITT Inc.: an industrial manufacturer that provides products such as pumps and valves	ESCO Technologies: Too small
Keysight Technologies, Inc.: provides electronic measurement devices	OSI Systems: Too small
PTC Inc.: provides software and solutions that allow customers to better connect to their products	AMETEK: Too large
NetScout Systems, Inc.: business-to-business company that provides operational and performance analytics to customers	Juniper Networks: Too large

Peer Companies		Peer Data as of 12-31-2017** $ Millions		
		Percentile	Revenue	Market Cap
Diebold Nixdorf, Inc.*	PTC Inc.			
EPAM Systems, Inc.*	Roper Technologies Inc.*			
F5 Networks, Inc.*	Teradyne Inc.	*25th*	$1,455	$2,638
FLIR Systems, Inc.	Trimble Inc.*	*50th*	$2,361	$6,067
ITT Inc.	Unisys Corporation*	*75th*	$3,322	$8,213
Keysight Technologies, Inc.*	Watts Water Technologies, Inc			
Mueller Water Products, Inc.	Xylem Inc.	Itron	$2,018	$2,641
NetScout Systems, Inc.*	Zebra Technologies Corp*	Percentile Rank	38%	25%

* Software and services included in their business mix.

** Financial figures do not include the effect of the Silver Spring Networks acquisition, which closed after the end of 2017.

Table of Contents

For each of the Peer Companies, data regarding base salaries, annual incentives, and long-term incentives was obtained from their annual proxy statements and reviewed by Pearl Meyer. This data was supplemented with survey data prepared by Radford Survey & Consulting (Radford Survey), which provides compensation market information on more than 700 technology companies, aggregated and presented anonymously. The Radford Survey data was narrowed to those technology companies with revenues between $1 billion and $3 billion, similar to Itron.

With the support of F.W. Cook, the Committee evaluates this data for informational purposes when establishing a range of competitive compensation for our NEOs. For each NEO, the Committee determines the salary range, annual incentive target, and long-term incentive taking into consideration market data for the position being evaluated. However, market data is not the sole determinant of the Company s practices or executive compensation levels. The Committee also takes into account the experience, performance, responsibilities, and contributions to the Company by each NEO when making its decisions. For the CEO, the Committee makes a recommendation to the full Board, and the independent members of the Board review and approve the CEO s compensation.

The 2018 Executive Compensation Program in Detail

Base Salary

Base salary represents annual fixed compensation and is a standard element of compensation necessary to attract and retain executive leadership talent. In making base salary decisions, the Committee considers the CEO s recommendations, as well as each NEO s position and level of responsibility within the Company. The Committee takes into account factors such as relevant market data as well as individual performance and contributions. The Committee recommended approval of a base salary increase for the CEO, and the independent members of the Board approved the CEO annual base salary rate as follows:

NEO	2017	2018	% Increase
Philip C. Mezey*	$ 800,000	$ $825,000	3%
Thomas L. Deitrich	$ 550,000	$ 550,000	0%
Joan S. Hooper	$ 485,000	$ 485,000	0%
Sarah E. Hlavinka**	NA	$ 475,000	NA
Michel C. Cadieux	$ 400,000	$ 400,000	0%

* Mr. Mezey received an increase to better align his base salary with the market.

** Ms. Hlavinka s annual salary as Senior Vice President, General Counsel and Corporate Secretary was set at $475,000 when she was hired on August 6, 2018.

-30-

Table of Contents

Annual Cash Incentives: The Executive Management Incentive Plan (EMIP)

The 2018 EMIP provided our NEOs the opportunity to earn a performance-based annual cash bonus. Actual bonus payouts depend on the achievement of pre-established performance objectives and can range from 0% to 180% of target award amounts. Target annual bonus opportunities are expressed as a percentage of base salary and were established by the NEO s level of responsibility and his or her ability to impact overall results. The Committee also considers market data in setting target award amounts. 2018 target award opportunities remained unchanged from 2017 target award opportunities and were as follows:

NEO	Target EMIP (as a % of Base Salary)
Philip C. Mezey	125%
Thomas L. Deitrich	100%
Joan S. Hooper	75%
Sarah E. Hlavinka*	75%
Michel C. Cadieux	75%

* Ms. Hlavinka s 2018 EMIP target award opportunity was set at 75% when she was hired on August 6, 2018.

2018 Performance Objectives. An individual NEO s EMIP award is based on a combination of financial and strategic objectives.

Performance Objectives	Performance Metrics & Weightings	EMIP Weighting
Financial (80%)	Total Company Consolidated Revenue	40%
	Total Company Adjusted EBITDA*	40%
Strategic (20%)	Strategic Goals	20%
Total		100%

* If the threshold Adjusted EBITDA goal shown on the table below is not achieved, no portion of the EMIP award will be paid.

In 2018, we used total Company consolidated revenue and Adjusted EBITDA as the financial performance metrics in the EMIP because we believe it is important to focus on both top line growth (revenue), as well as profitability. Total Company Adjusted EBITDA provides a more useful illustration of our financial performance and the ongoing operations of our business, since the adjustments exclude certain expenses that are not indicative of our recurring core operating results. This facilitates better comparisons to our historical performance and our competitors operating results. To continue our focus on profits and sales performance, the weighting of the financial performance objectives (which represent 80% of a NEO s EMIP award) for 2018 was 50% total Company Adjusted EBITDA and 50% total Company consolidated revenue. A schedule reconciling Adjusted EBITDA to net income and non-GAAP EPS to

GAAP EPS is available on page 40 of our 2018 Annual Report on Form 10-K.

Each year, the Committee reviews the financial performance and considers adjustments for items that are not reflective of normal operating performance for that year. These adjustments are items that the Committee believes are fair to both participants and shareholders, encourage appropriate actions that foster the long-term health of the business, and are consistent with the objectives underlying our predetermined performance goals. Such exclusions may consist of the costs and financial effects of restructuring, acquisitions and dispositions, selected legal costs and settlements, and the effects of foreign currency translation. No adjustments were made in 2018.

2018 Financial Performance Levels & Results. The following table shows the performance necessary to achieve threshold, target and maximum bonus payout amounts, along with actual results for 2018:

	Threshold	Target	Maximum	Actual Results
Total Company Consolidated Revenue	$ 2,187.0	$ 2,430.0	$ 2,673.0	$ NA*
Total Company Adjusted EBITDA	$ 257.8	$ 286.4	$ 315.1	$ NA*

Note: Payouts are linearly interpolated for performance between threshold, target and maximum.

* No portion of the EMIP was paid in 2018 because the threshold Adjusted EBITDA goal was not achieved.

2018 Strategic Goals & Achievements. The strategic goals for the NEOs, as determined in consultation with the CEO and reviewed with the Committee, generally encompass objectives as they relate to both the individual business segments and the entire Company. For 2018, they were developed to continue to strengthen our operational results through objectives that align to predictability, profitability, and growth.

Approved strategic goals included meeting return on invested capital targets, growth in Software and Services revenue and margin, cost of non-quality targets, improvement in predictability of quarterly financial results, and new business obtained by cross selling legacy Itron and Silver Spring Networks projects. The Company made progress across the strategic initiatives and achieved or partially achieved some of the strategic targets. Even though partial results were achieved for the strategic goals, no portion of the EMIP was paid in 2018 because the threshold Adjusted EBITDA goal was not achieved.

Long-Term Incentives

The NEOs are eligible for long-term incentives, all of which were issued under the terms of our Amended and Restated 2010 Plan. For fiscal year 2018, annual long-term incentives were granted as follows:

Table of Contents

2018 Target Long-Term Incentive Award Grants. The table below shows the long-term incentive award values granted for fiscal 2018 for each of the NEOs:

NEO	PRSUs** (at Target)	Stock Options*	RSUs**	Total Value
Philip C. Mezey	$ 1,800,000	$ 900,000	$ 900,000	$ 3,600,000
Thomas L. Deitrich	$ 1,000,000	$ 500,000	$ 500,000	$ 2,000,000
Joan S. Hooper	$ 500,000	$ 250,000	$ 500,000	$ 1,250,000
Sarah E. Hlavinka	$ 400,000	$ 200,000	$ 200,000	$ 800,000
Michel C. Cadieux	$ 400,000	$ 200,000	$ 200,000	$ 800,000

* Individual award amounts were calculated based on Black-Scholes values.

** Award amounts for PRSUs and RSUs were determined based on the closing price of our common stock on the date of grant on February 22, 2018 for all other NEOs, except that award values for Ms. Hlavinka were determined based on the closing price of our common stock on September 12, 2018 in connection with her new hire. The additional RSU award granted to Ms. Hooper was determined based on the closing price of our common stock on the date of the grant on May 9, 2018.

For 2018, the Committee increased Mr. Mezey s target award value by $400,000 to better align his compensation with the market.

In May 2018, the Committee approved an additional grant of $250,000 in time-vested RSUs to Ms. Hooper in recognition of her early performance and to ensure market competitiveness of her annual grant.

In conjunction with Ms. Hlavinka s new-hire arrangement, she also received a one-time, equity grant of RSUs with a grant date fair market value of $500,000, which is not included in the table above. This award amount was determined based on the closing price of our common stock on the date of the grant on September 12, 2018. This award was granted under the Amended and Restated 2010 Plan and will vest 100% on the first anniversary of the grant.

A Closer Look at Performance-Based Restricted Stock Units (PRSUs). The actual number of PRSUs that are earned and vested are based on the achievement of specific financial performance goals and relative TSR results. Specifically, actual awards are linked to a three-year performance period that consists of three annual performance cycles. The performance result used to determine the actual award earned is calculated at the end of the three-year performance period by averaging the results of the three annual performance cycles, then is adjusted based on performance relative to TSR as compared to the Russell 3000 Index.

2018 Performance Metrics: Non-GAAP EPS & Relative TSR. PRSUs are driven by the achievement of non-GAAP EPS and relative TSR performance targets.

Non-GAAP EPS: Non-GAAP EPS targets are set by the Committee at the beginning of each annual performance cycle. Payout levels can range from 50% to 160% of target for the performance cycle. No PSRUs are earned for performance below the threshold. The following table shows the thresholds, targets and maximums for non-GAAP EPS set by the Committee at the beginning of each annual performance cycle and our actual non-GAAP EPS results used for calculating PRSUs earned for 2016, 2017 and 2018:

Year	Threshold 50%	Target 100%	Maximum 160%	Results
2016	$ 1.95	$ 2.25	$ 2.48	$ 2.54
2017	$ 2.58	$ 3.00	$ 3.30	$ 3.06
2018	$ 2.86	$ 3.33	$ 3.66	$ 2.65

Note: The non-GAAP EPS results shown are based on financial results as reported for 2016, 2017, and 2018 (as reported in our Annual Report on Form 10-K for the year ended December 31, 2018). Performance for levels achieved between threshold, target, and maximum are linearly interpolated.

Relative TSR: At the end of the three-year performance period, the non-GAAP EPS results for each of the annual performance cycles are averaged. The average non-GAAP EPS is then adjusted based on the achievement by the Company of TSR relative to the Russell 3000 index for the same three-year performance cycle as follows:

If relative TSR attainment is	*Then the average EPS attainment is*
At or below the 25th percentile	Adjusted down by 25%
At 50th percentile	No adjustment
At or above the 75th Percentile	Increased by 25%

Note: Adjustments for levels achieved between the 25th, 50th, and 75th percentiles are linearly interpolated.

For the 2018 PRSUs, the TSR targets and point multipliers were all established in February 2018 by the Committee and by the independent members of the full Board for the CEO.

PRSUs Earned and Vested In 2018 (1/1/2016 12/31/2018). In 2016, the NEOs at that time were granted their target PRSUs with vesting based on achievement of the non-GAAP EPS and relative TSR performance targets for 2016, 2017, and 2018 as outlined above. The actual award earned was calculated at the end of the three-year performance period by averaging the results of the three annual performance cycles:

Year	Percentage of

	Attainment
2016	160%
2017	112%
2018	0%
2016-2018 Average	90.67%

Table of Contents

Consistent with the terms of the LTIP, the average performance attainment for the 2016-2018 PRSUs was then adjusted upward by 114% since our TSR was at the 64th percentile of the Russell 3000 index. As a result, the NEOs (other than those who were not employed at Itron in 2016) earned 103.36% of their target PRSUs for the 2016-2018 performance cycle, as follows:

NEO	Target PRSUs Granted	Actual PRSUs Earned
Philip C. Mezey	39,980	41,323
Thomas L. Deitrich	24,968	25,806
Michel C. Cadieux	9,987	10,322

Other Practices, Policies and Guidelines

Stock Ownership Guidelines

We believe that when our executives hold an equity interest in the Company, they will be less inclined to take excessive business risks. We maintain stock ownership guidelines to encourage our key executives to own stock at least equal in value to:

Title	Multiple of Base Salary
CEO	6.0x
COO and CFO	3.0x
Senior Vice Presidents and General Counsel	2.0x

Common stock, vested and unvested restricted shares, the net after-tax value of unexercised vested and unvested stock options, and stock held in the deferred compensation, 401(k) and the Employee Stock Purchase plans all count towards satisfaction of the guidelines. Additionally, participants are required to retain 50% of net profit shares from all stock acquired upon exercise or vesting unless the guideline level is achieved. Net profit shares are defined as the number of shares of stock acquired after payment of (i) in the case of options, any exercise price and tax withholding upon exercise, or (ii) in the case of restricted stock or restricted stock units, tax withholding upon vesting. We annually review the levels of stock ownership of our executives, and, based on a rolling 12-month average of our stock price as of the end of 2018, all of our NEOs have met the guidelines, with the exceptions of Ms. Hooper and Ms. Hlavinka who have both recently joined the Company and are making progress towards their goals. We also have stock ownership guidelines for the members of our Board.

Anti-Hedging Policy

We prohibit the NEOs and other executives from engaging in transactions designed to insulate them from changes in the Company s stock price. Therefore, the Company has an Anti-Hedging Policy that prohibits our NEOs from entering into transactions that include (without limitation) equity swaps or short sales of our