

ITRON INC /WA/
Form DEF 14A
March 20, 2015
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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.
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ITRON, INC.

2111 N. Molter Road

Liberty Lake, Washington 99019

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 8, 2015

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Itron, Inc. will be held at The Davenport Hotel in the Porter Room, at 10 South Post Street, Spokane, Washington, at 8:00 a.m., local time, on Friday, May 8, 2015, for the following purposes:

- (1) to elect four directors to the Itron, Inc. Board of Directors;
- (2) to re-approve the Itron, Inc. Executive Management Incentive Plan;
- (3) to approve, on an advisory basis, the compensation of the Company's named executive officers for the fiscal year ended December 31, 2014;
- (4) to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2015 fiscal year; and
- (5) to transact any other business that may properly come before the annual meeting.

The Board of Directors has established the close of business on March 4, 2015 as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting or any adjournment or postponement thereof.

Members of the Company's management will not make any formal presentation as part of the annual meeting, but will be available, in addition to all of our directors, to address questions from shareholders, as appropriate.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER ANNUAL MEETING TO BE HELD ON MAY 8, 2015:

Our proxy statement is attached. Financial and other information concerning Itron is contained in our Annual Report to Shareholders for the 2014 fiscal year. The proxy statement and our Annual Report are available for all shareholders at www.edocumentview.com/ITRI

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" beginning on page two of the accompanying 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,
Shannon M. Votava
Corporate Secretary

Liberty Lake, Washington

March 20, 2015

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PROXY STATEMENT

This proxy statement is being furnished to shareholders of Itron, Inc. in connection with the solicitation by our Board of Directors of proxies for use at the 2015 Annual Meeting of Shareholders. The meeting will be held in the Porter Room of The Davenport Hotel, located at 10 South Post Street, Spokane, Washington, at 8:00 a.m., local time, on Friday, May 8, 2015, 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 26, 2015, we will mail to our shareholders a Notice of Internet Availability of Proxy Materials (Notice) directing shareholders to the web site 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 2015 Proxy Statement;
- The Company's Annual Report to Shareholders for the year ended December 31, 2014 (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 four directors to the Itron, Inc. Board of Directors; one for a term of two years (until our 2017 annual meeting of shareholders), and three for terms of three years (until our 2018 annual meeting of shareholders);
- (2) to re-approve the adoption of the Itron, Inc. Executive Management Incentive Plan;
- (3) to approve, on an advisory basis, the compensation of the Company's named executive officers for the fiscal year ended December 31, 2014 (the Say-on-Pay vote);

- (4) to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2015 fiscal year; and
- (5) 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 4, 2015, are entitled to notice of, and to vote at, the annual meeting. On the record date, there were 38,533,900 shares of our common stock outstanding. Each outstanding share of our common stock will entitle its holder to one vote on each of the four directors to be

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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 re-approval of the Itron, Inc. Executive Management Incentive Plan; (3) the advisory approval of the compensation we paid our named executive officers in 2014; and (4) the ratification of Ernst & Young LLP as our independent registered public accounting firm.

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) Attending and voting in person at the annual meeting;
- 2) 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);
- 3) Calling the telephone number specified in the Notice of Internet Availability and voting by following the instructions provided on the phone line (or if copies of the proxy materials were requested, as specified in the printed proxy card); or
- 4) Requesting a printed proxy card and completing, signing, dating and promptly mailing the proxy card in the envelope provided.

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. 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 Itron, Inc. Executive Management Incentive Plan: The Itron, Inc. Executive Management Incentive Plan (Plan) will be re-approved if the number of votes cast for the Plan exceeds the number of votes cast against approval of the Plan. 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 on the approval of the Plan, 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 counted in the vote for this proposal.

Proposal Three Say-on-Pay Vote (non-binding): The advisory (non-binding) vote on this proposal will be approved if the number of votes cast for the proposal exceeds the number of votes cast against approval of

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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 three to the holder of record for your shares, they will *not* be counted in the vote for this proposal.

Proposal Four – Ratification of Appointment of Independent Auditor: The appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2015 will be ratified if the majority of the votes cast are in favor of the proposal. Abstentions from voting on this matter will not be counted. Brokers and other holders of record *do* have discretionary authority to vote shares on this matter. Therefore, there will be no broker non-votes on the ratification of the Company's independent registered public accounting firm.

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 all four proposals; 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 for the same shares at any time before the proxy is voted;
- ; delivering written notice of revocation to the Corporate Secretary of Itron at any time before the vote; or
- ; attending the annual meeting *and* voting in person.

If you voted by telephone or the Internet and wish to change your vote, you may call the toll-free number or go to the Internet site, whichever is applicable to your earlier vote, and follow the directions for changing your vote. 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 2015 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.

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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 elected and qualified. At the annual meeting, one director, who was elected to the Board effective March 1, 2015 as a Class 1 director, will be elected for a term of two years or until his successor is duly elected and qualified, and three directors will be elected as Class 2 directors for terms of three years or until their respective 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 2 (to serve until the 2018 annual meeting)

Kirby A. Dyess

Philip C. Mezey

Daniel S. Pelino

Class 1 (to serve until the 2017 annual meeting)

Timothy M. Leyden

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 YOU VOTE FOR

THE ELECTION OF EACH OF THE FOUR NOMINEES FOR DIRECTOR.

Appointment of New Directors by the Board Increase in Size of Board

Effective November 1, 2014, the Board elected Daniel S. Pelino to the Board, which increased the number of directors serving on our Board from ten to eleven. Subsequently, Michael V. Pulli resigned from the Board effective December 31, 2014, so the number of directors was reduced back to ten. In February 2015, the Board elected Timothy M. Leyden to the Board effective March 1, 2015, which increased the Board again to eleven members. As stated above, both Mr. Pelino and Mr. Leyden are nominees for election by the shareholders at the 2015 Annual Meeting. *See also Retiring Director Reduction in Size of Board .*

Nominee to Serve until 2017 (Class 1)

Timothy M. Leyden (age 63) was elected as a director by the Board effective March 1, 2015. Since 1983 and until his retirement as CFO in September 2014, Mr. Leyden served in various management and leadership roles at Western

Digital Corporation, a NASDAQ company (WDC) and industry-leading developer and manufacturer of storage solutions for digital content. Those leadership roles included financial, accounting, manufacturing and information technology functions at WDC and its subsidiaries. WDC has manufacturing facilities in the U.S., China, Japan, Malaysia, the Philippines, Singapore and Thailand, as well as sales offices worldwide. Mr. Leyden left WDC for the period between 2000 and 2007, during which time he initially served as a consultant principal for PRTM, an operational consulting company, followed by CFO positions for multiple divisions of Sage Software USA, a subsidiary of Sage Software PLC and provider of business management software and services. Upon his return to WDC in 2007, Mr. Leyden served as Executive Vice President, Finance and CFO until 2010 and as COO from 2010 to 2012. In 2012, after WDC acquired HGST, Inc., WDC was organized into a parent company with two operating subsidiaries, HGST and WD. Mr. Leyden then served as President of the WD

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subsidiary, from 2012 to 2013, and subsequently served as CFO of the parent company, WDC, from 2013 until he retired. For a period following his retirement, Mr. Leyden served as advisor to his successor and other WDC executive management until January 2015.

A native of Ireland, Mr. Leyden brings to the Board a mix of financial and operational experience (in 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, add a depth of international insight to the Board.

Nominees to Serve until 2018 (Class 2)

Kirby A. Dyess (age 68) has been a director since 2006. Ms. Dyess is a principal in Austin Capital Management LLC where she invests in and assists early stage companies. Prior to forming Austin Capital Management LLC in 2003, Ms. Dyess spent 23 years at Intel Corporation where she most recently served as its corporate vice president and as director of operations for Intel Capital, until her retirement in December 2002. While at Intel, she also served as vice president and director of new business development and corporate vice president and director of human resources worldwide. Ms. Dyess serves on the board of directors of Viasystems Group Inc., a public company whose shares are traded on NASDAQ. She also serves on the board of Complí, a privately-held company that provides compliance software to companies, and chairs the board of Prolifiq SW Inc., a privately-held enterprise software company. She has served as vice president and president of the Oregon Board of Higher Education, and served on its board from 2004 to 2009. In 2009, Ms. Dyess was elected to the board of directors of Portland General Electric (PGE), a public utility whose shares are traded on the New York Stock Exchange (NYSE).

Due to her positions at Intel Corporation and her more recent due diligence and investment in numerous early stage technology companies, Ms. Dyess provides the Board with a strong background in technology, brand marketing, human resources, mergers and acquisitions, and business development, in addition to business innovation and research and development knowledge.

Philip C. Mezey (age 55) was President and Chief Operating Officer (COO) of Itron's Energy segment from March 2011 until December 31, 2012, and effective January 1, 2013, he was elected our President and Chief Executive Officer and a member of our Board of Directors. 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 Sr. Vice President Software Solutions, and in 2007 Mr. Mezey became Sr. Vice President and Chief Operating Officer Itron North America.

Mr. Mezey brings to the Board more than 13 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 and sales departments, 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.

Daniel S. Pelino (age 57) was elected as a director by the Board effective November 1, 2014. Mr. Pelino joined International Business Machines Corp (IBM) in 1980, and currently serves as general manager of its public sector business, where he leads IBM's business in the government, education, healthcare, and life sciences industries,

including IBM's Smarter Cities initiative. He serves as a public sector expert and advisor to government officials, news media, and global publications, and his team helps organizations, states, and countries transform and create citizen-based, digitized services to improve economic vitality. Mr. Pelino currently serves on the Executive Committee for the Patient Centered Primary Care Collaborative (PCPCC) and on the Board of Directors of the Healthcare Executive Network (HEN).

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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.

Directors Continuing in Office until 2016 (Class 3)

Lynda L. Ziegler (age 62) has been a director since February of 2013. Ms. Ziegler recently retired from Southern California Edison (SCE), one of the largest electric utilities in the U.S., 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 (EPRI), and as a founding member of the Board of the Association for Women in Water and Energy.

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.

Thomas S. Glanville (age 56) has been a director since 2001. Since 2003, Mr. Glanville has been managing partner of Eschelon Advisors, LP, Eschelon Energy Partners, LP, and affiliates, providing energy and private equity investment and advisory services. From 1999-2002, 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. He currently serves on the board of directors of the privately-held oil and gas exploration and production company Strand Energy, L.L.C. He also serves as chairman of the Texas Tri-Cities branch (Houston, Austin, San Antonio) of the National Association of Corporate Directors (NACD).

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 technology skills that include his involvement with electric metering studies and research while he was vice president of technology for Reliant Energy.

Sharon L. Nelson (age 68) has been a director since 2003. Ms. Nelson is an attorney and served as chief of the Consumer Protection Division of the Washington State Attorney General's Office from 2003 to 2006, and as director of the Shidler Center for Law, Commerce, and Technology at the University of Washington from 2000 to 2003. In addition, Ms. Nelson has been a consultant to both corporations and nonprofit organizations specializing in advice on public policy and regulation. In the past she has served as chair of the Washington Utilities and Transportation Commission and as president of the National Association of Regulatory Utility Commissioners. She served as a commissioner on the National Commission on Energy Policy from 2002 to 2010, and in 2011 she was co-chair of the State Energy Strategy Advisory Committee for the State of Washington. Previously, Ms. Nelson was a member of the Board of Trustees of the North American Electrical Reliability Corporation (NERC) based in Princeton, New Jersey. NERC's members consist of the owners, operators, and users of the North American bulk electrical system. The U.S. Federal Energy Regulatory Commission granted NERC the legal authority to enforce reliability standards on users of the bulk power system.

Ms. Nelson has also served on the boards of two other public corporations, XO Telecommunications (now private) and Covad Communications. Her experience as an executive and as a board member of other public companies, her legal background, and her knowledge of public policy and the utility and energy regulatory environment are of great value in her role as a director of Itron.

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Directors Continuing in Office until 2017 (Class 1)

Jon E. Eliassen (age 68) has been a director since 1987 and has served as our Chairman of the Board since January 1, 2010. In September 2013 he retired as the president, chief executive officer (CEO) and member of the Board of Directors of Red Lion Hotels Corporation, an NYSE traded company headquartered in Spokane, Washington, where he had served as president and CEO since January 2010. From 2003 until 2007, Mr. Eliassen was president and chief executive officer of the Spokane Area Economic Development Council, and from 1970 until 2003, he held numerous positions within Avista Corporation, a company involved in the production, transmission, and distribution of electricity and natural gas, before retiring in 2003 as senior vice president and chief financial officer, a position he had held since 1986. In addition, Mr. Eliassen is a member of the board of directors of ITL, Inc., a privately held technology company, and was a member of the board of Red Lion Hotels Corporation from September 2003 to September 2013.

In addition to his experience as President and CEO of an NYSE traded hospitality company, Mr. Eliassen has an extensive background with public utilities and the utility industry in general. He contributes to our Board the knowledge gained from his association with a public utility that includes extensive financial experience with accounting, audit, strategic planning, business development, and financing strategy, as well as merger and acquisition involvement that has included due diligence processes, company and business valuation techniques, and financial analyses. In addition, Mr. Eliassen has been a principal or general partner in venture capital firms with expertise in evaluating businesses and has several years' experience as an expert witness before utility regulatory commissions in matters relating to financial strategy and policy, credit ratings, cost of capital, and capital structure.

Charles H. Gaylord, Jr. (age 69) has been a director since 2006. Mr. Gaylord has been a private technology investor focusing on software and communications since 1994. Until his retirement in 1994, Mr. Gaylord was executive vice president for Intuit Inc., a leading developer of personal and small business finance software programs such as Quicken and QuickBooks. From 1990 to 1993, he served as chairman and chief executive officer of ChipSoft, Inc., the original publisher of the tax preparation software program TurboTax. Mr. Gaylord is a member of the board of directors and a member of the compensation committee of Proximity Inc., a privately-held company, and is a former member of the advisory board of Technology Crossover Ventures I, an investment firm that invests primarily in private and public information technology companies.

During various periods from 1990 to approximately 2002, Mr. Gaylord was a member of the boards of directors and served on the compensation committees of the following public companies: Stac, Inc.; HNC Software, Inc.; Maxis, Inc.; and Retek, Inc.; and also served as a director of a number of private technology companies. His wealth of knowledge of software services, brand marketing, IT technology, and business development adds to the diverse business backgrounds of our other members of the Board.

Gary E. Pruitt (age 65) has been a director since 2006. From 2002 until his retirement in October 2009, Mr. Pruitt was chairman and chief executive officer of Univar N.V., a chemical distribution company with distribution centers in the U.S., Canada, and Europe. He had been associated with Univar and related entities since 1978 and held a variety of senior management positions within Univar and Van Waters & Rogers, Inc., which ultimately became Vopak USA Inc. Mr. Pruitt has also worked as a chartered accountant with a public accounting firm. He currently serves on the board of Premera Blue Cross, and on the boards of directors of the following NYSE traded companies: Public Storage, Inc.; Esterline Technologies Corporation; and PS Business Parks, Inc.

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.

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Retiring Director Reduction in Size of Board

Graham M. Wilson has been a director of Itron since 1990, and his current term will expire at the 2015 Annual Meeting. Mr. Wilson has reached the age of 70 and will retire in accordance with the Company's Corporate Governance Guiding Principles. During his twenty-five years of service on our Board, Mr. Wilson helped steer the Company through a period of tremendous growth and prosperity which resulted in the recognition of Itron as a world leader in our industry. His financial acumen and business leadership have been invaluable to the Company and the other Board members. We at Itron recognize and appreciate Mr. Wilson's dedication and service to the Company.

Mr. Wilson's position as a Class 2 director will be filled by Mr. Pelino, upon his re-election by the shareholders at the 2015 meeting. With the retirement of Mr. Wilson, the number of directors serving on our Board will be reduced from eleven to ten.

Director and Director Nominee Qualifications

Our Corporate Governance Committee assists the Board in reviewing the business and personal background of each of our directors with respect to Itron's business and its business goals. Our skill criteria for our Board members includes the following: executive leadership experience; functional knowledge of technology and technology applications; international business experience; knowledge of the utility and energy industry; marketing and sales experience; financial experience gained from a chief financial officer position, a CPA or other financial reporting background; expertise in manufacturing or software services; experience as an independent board member with a public company; experience in business integrations, including mergers and acquisitions; and legal or corporate law background. In addition, we look for the following personal criteria: 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.

Our Corporate Governance Committee generally considers diversity as one of several factors relating to overall composition when making nominations to our Board. While we do not have a formal policy governing how diversity is considered, the Corporate Governance Committee generally considers diversity by examining the entire Board membership and, when making nominations to our Board, by reviewing the diversity of the entire Board. The Corporate Governance Committee construes Board diversity broadly to include many factors. As a result, the 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.

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When the Corporate Governance Committee considers candidates to be recommended to the Board for inclusion on the slate of director nominees for the next annual meeting of shareholders, it creates a matrix for each candidate to address our criteria. In addition to the qualities described in the individual director biographies, the following matrix summarizes the skills and attributes of our directors and director nominees for 2015 that we believe are essential to our business:

Director Qualifications and Attributes

	Kirby Dyess	Jon Eliassen	Charles Gaylord	Thomas Glanville	Philip Mezey	Sharon Nelson	Daniel Pelino	Gary Pruitt	Timothy Leyden	Lynda Ziegler
Senior leadership/ CEO/COO experience	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö
Business development experience	Ö	Ö	Ö	Ö	Ö		Ö	Ö	Ö	Ö
Financial expertise/CFO		Ö	Ö	Ö			Ö	Ö	Ö	
Public board experience	Ö	Ö	Ö			Ö		Ö		
Independence	Ö	Ö	Ö	Ö		Ö	Ö	Ö	Ö	Ö
Utility Industry expertise		Ö		Ö	Ö	Ö				Ö
Industry expertise global	Ö			Ö	Ö		Ö	Ö	Ö	
Operational manufacturing expertise					Ö		Ö	Ö	Ö	
IT/technology/R&D/ Telecom expertise	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	