

ITRON INC /WA/
Form DEF 14A
March 24, 2017
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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.

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:

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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.

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(3) Filing Party:

(4) Date Filed:

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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 12, 2017

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Itron, Inc. (Itron or Company) 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 12, 2017, for the following purposes:

- (1) to elect four 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, 2016;
- (3) to hold a non-binding advisory vote on how often a non-binding advisory vote on the compensation we pay our named executive officers should be held: every one, two or three years;
- (4) to approve the Itron, Inc. Second Amended and Restated 2010 Stock Incentive Plan, including to increase the shares authorized for issuance thereunder and approval of the material terms required under Internal Revenue Code Section 162(m);
- (5) to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accountant for the 2017 fiscal year; and
- (6) 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 10, 2017 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 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 12, 2017:

Our proxy statement is attached. Financial and other information concerning Itron is contained in our Annual Report to Shareholders for the 2016 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 24, 2017

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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 2017 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 12, 2017, 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 31, 2017, 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 2017 Proxy Statement;

The Company's Annual Report to Shareholders for the year ended December 31, 2016 (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, each for a term of three years ending upon our 2020 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, 2016 (Say-on-Pay vote);
- (3)

to hold a non-binding advisory vote on whether future Say-on-Pay votes on the compensation we pay to our named executive officers should occur every one, two or three years (Say-When-on-Pay vote);

- (4) to approve the Itron, Inc. Second Amended and Restated 2010 Stock Incentive Plan, including to increase the shares authorized for issuance thereunder and approval of the material terms required under Internal Revenue Code Section 162(m);
- (5) to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accountant for the 2017 fiscal year; and
- (6) 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 10, 2017, are entitled to notice of, and to vote at, the annual meeting. On the record date, there were 38,647,997 shares of our common stock

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outstanding. Each outstanding share of our common stock will entitle its holder to one vote on each of the four 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 2016; (3) the advisory approval of holding an advisory shareholder vote on an *annual* basis on the compensation we pay our named executive officers; (4)) the approval of the Itron, Inc. Second Amended and Restated 2010 Stock Incentive Plan, including the increase in the shares authorized for issuance thereunder and approval of the material terms required under Internal Revenue Code Section 162(m); and (5) the ratification of Deloitte & Touche LLP as our independent registered public accountant.

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. 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 number of votes cast for the proposal exceeds the number of votes cast against approval of 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.

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Proposal Three Say-When-On-Pay Vote (non-binding): This proposal asks shareholders to determine the frequency of future Say-on-Pay votes (every one, two, or three years, or you may abstain from voting). 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 voted on this proposal.

Proposal Four Itron, Inc. Second Amended and Restated 2010 Stock Incentive Plan: The Itron, Inc. Second Amended and Restated 2010 Stock Incentive Plan (Second Amended 2010 Plan) will be adopted and approved, including the increase in the number of shares authorized for issuance thereunder and approval of the material terms required under Internal Revenue Code Section 162(m), if the number of votes cast for the Second Amended 2010 Plan exceeds the number of votes cast against approval of the Second Amended 2010 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 Second Amended 2010 Plan, absent voting instructions from you. Therefore, if you are a beneficial shareholder and do not provide voting instructions on proposal number four to the holder of record for your shares, they will *not* be voted on this proposal.

Proposal Five Ratification of Appointment of Independent Auditor: The appointment of Deloitte & Touche LLP as the Company's independent registered public accountant for 2017 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 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, four and five, and one year for proposal 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 2017 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 duly elected and qualified, or until his or her death, resignation or removal from office. At the 2017 Annual Meeting of Shareholders (Annual Meeting), shareholders are being asked to re-elect four Class 1 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 is willing and able to continue to serve as a director.

Class 1 (to serve until the 2020 annual meeting)

Frank M. Jaehnert

Jerome J. Lande

Timothy M. Leyden

Gary E. Pruitt

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.

Retiring Directors Class 1 Decrease in Size of Board

Jon E. Eliassen, age 70, and Charles H. Gaylord, Jr., age 72, have been directors of Itron since 1987 and 2006, respectively, and their current terms will expire at the Annual Meeting. Both notified the Board that they will not stand for re-election to the Board and will retire at the Annual Meeting. We recognize and appreciate the exemplary dedication and long-time service to the Company by Messrs. Eliassen and Gaylord during their tenures on the Board. Upon their retirement at the Annual Meeting, the Board of Directors will be reduced from thirteen to eleven members.

Nominees to Serve until 2020 (Class 1)

Jerome J. Lande (age 41) was elected a director by the Board in December 2015. Since April 2016 he has served as the Head of Special-Situation Investments at Scopia Capital Management LP., an asset management firm and one of Itron's principal minority shareholders. 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. Mr. Lande is a member of the board of directors of CONMED Corporation, a public global medical technology company whose shares are traded on the NASDAQ stock exchange (CNMD), where he also serves on the compensation and strategy committees.

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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) who is a principal minority shareholder of the Company.

Frank M. Jaehnert (age 59) was elected a director by the Board in May 2015. From 1995 to his retirement in 2013, Mr. Jaehnert held several roles with Brady Corporation, 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, which he joined in 2012, and Briggs & Stratton Corporation, which he joined in 2014. Nordson (NASDAQ: NDSN) and Briggs & Stratton (NYSE: BGG) are both publicly traded large manufacturing companies. Mr. Jaehnert also serves on the audit and finance committees of Briggs & Stratton and the audit committee of Nordson.

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.

Timothy M. Leyden (age 65) was elected a director by the Board effective March 2015. Mr. Leyden retired in 2015 after eight years with Western Digital Corporation (WDC), a NASDAQ 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 of Oakgate Technology, Inc., a privately-held company that provides test, validation and benchmarking products and services to the storage industry. He also serves on the board of directors of Virtium LLC, a private company that provides storage and memory innovation for various imbedded industrial segments.

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.

Gary E. Pruitt (age 67) has been a director since 2006. In 2010, Mr. 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) (PSA), Esterline Technologies Corporation (a specialized manufacturing company) (ESL), and PS Business Parks, Inc. (a full service real estate company) (PSB) all companies listed on the New York Stock Exchange (NYSE). Mr. Pruitt is a Lead Independent Trustee of Public Storage, Inc. and also serves as a member of its audit committee and nominating/corporate governance committee. He also is a member of the audit committee of PS Business Parks, and serves on the compensation, and nominating and corporate governance committees of Esterline Technologies Corporation.

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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Directors Continuing in Office until 2018 (Class 2)

Kirby A. Dyess (age 70) 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 from 1994 until her retirement in December 2002, and as Director of Operations for Intel Capital from 2000 to 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. Until 2015, Ms. Dyess served on the board of directors and as chairman of the compensation committee of Viasystems Group Inc., a public company whose shares were traded on the NASDAQ stock exchange until it was acquired by TTM Technologies last year. She currently 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. 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 NYSE (POR), where she serves as a member of its audit committee and chairs the compensation and human resources committee.

Due to her positions at Intel Corporation, together with her more recent investment experience with 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 57) has been a director since 2013. He was President and Chief Operating Officer of Itron's Energy segment from March 2011 through December 31, 2012. Effective January 1, 2013, he was elected Itron's President and Chief Executive Officer. 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.

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 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.

Peter Mainz (age 52) joined the Board on January 1, 2016. Mr. Mainz served as a Non-Executive Director of Cyan Connode Holdings Plc, formerly Cyan Holdings Plc (London Stock Exchange (LSE): CYAN) from 2014 until December 2015, stepping down from that position upon his appointment to the Itron Board. Cyan Holdings and its subsidiaries provide wireless communication technology for smart metering, lighting, and the Internet of Things. Mr. Mainz also served as President, Chief Executive Officer and a director of Sensus Inc., a global solutions company (and competitor of Itron) offering smart meters, communications systems, software and services for the electricity, gas and water industries, from 2008 until 2014. Prior to that, he served as the Executive Vice President of Operations of Sensus from 2007 to 2008, and the Chief Financial Officer of Sensus from 2003 to 2007.

Mr. Mainz brings to the Board more than 20 years of financial and communication systems business expertise that includes operational and commercial executive leadership expertise. Mr. Mainz's experience with the smart metering industry brings valuable industry and innovative knowledge to the Board.

Daniel S. Pelino (age 60) has been a director since November 2014. Mr. Pelino retired from International Business Machines Corp., the multinational technology company (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

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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.

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 2019 (Class 3)

Lynda L. Ziegler (age 64) has been a director since February 2013 and 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 (EPRI), and was 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 58) has been a director since May 2001. Since 2003, Mr. Glanville has been the Managing Partner of Eschelon Energy Partners, LP, Eschelon Advisors, LP, and affiliates, providing energy and private equity investment and advisory services. 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 equipment company for the geophysical, oceanographic and hydrographic industries, where he also serves as chair of the board's audit committee. He currently serves on the board of directors of a privately-held oil and gas exploration and production company, Strand Energy, LLC. He served as Chairman of the Texas TriCities Chapter of the National Association of Corporate Directors (Houston, Austin, San Antonio) from 2011 through 2016.

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 (age 57) was elected a director by the Board in May 2015. Since July 2013, Ms. Tremblay has served as the Vice President of Global Business Services of General Motors Company, the motor vehicle manufacturer and distributor multinational corporation (NYSE: GM). She has been with that company since 1977, and during her tenure at GM, she has held a variety of positions in engineering, manufacturing and labor

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relations, including direct operational responsibility for over 50,000 employees. From December 2009 to July 2013, Ms. Tremblay held the position of Vice President of Manufacturing at GM. As the leader of the newly formed Global Business Services business unit, she is 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.

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.

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 our business and business goals. Our skill criteria for our Board members includes a person who adheres to and demonstrates the highest ethical standards and integrity, in addition to 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; and experience in business integrations, including mergers and acquisitions. 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, including but not limited to gender and ethnicity. 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. Currently, of the 10 independent directors on our Board who are nominees or continuing on the Board after the Annual Meeting, 3 are either former CFOs or former CEOs, 5 are under the age of 60, 5 have global business experience, and 3 are women, including our Board Chair.

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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. The following matrix summarizes the skills and attributes of our directors and director nominees for 2017 that we believe are essential to our business:

Director Qualifications and Attributes

	Kirby Dyess	Frank Jaehne	Thomas Glanville	Jerome Lande	Tim Leyden	Peter Mainz	Philip Mezey	Dan Pelino	Gary Pruitt	Diana Tremblay	Lynda Ziegler
Senior leadership/CEO/COO experience	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö
Business development experience	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö
Financial expertise/CFO		Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö		
Public board experience	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö
Independence	Ö	Ö	Ö	Ö	Ö	Ö		Ö	Ö	Ö	Ö
Industry expertise	Ö		Ö			Ö	Ö				Ö
Global experience		Ö	Ö		Ö	Ö		Ö		Ö	
Operational manufacturing expertise*	Ö	Ö			Ö	Ö	Ö	Ö	Ö	Ö	
IT/technology/R&D/Telecom expertise	Ö		Ö		Ö	Ö	Ö	Ö	Ö		
Marketing/sales expertise	Ö		Ö	Ö			Ö	Ö	Ö		Ö
Hardware/software services expertise	Ö				Ö	Ö	Ö	Ö			Ö
Government expertise								Ö			Ö
Compensation and Benefits**	Ö	Ö		Ö	Ö	Ö				Ö	
Mergers and Acquisitions	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö		
Demonstrated integrity-personal and professional	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö	Ö

* Operational manufacturing expertise: has run or overseen manufacturing operations.

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

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.

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MORE INFORMATION ABOUT OUR DIRECTORS

COMPENSATION OF DIRECTORS

The compensation paid to our directors has remained the same since 2011, except for the compensation paid to the Board Vice Chair and the Value Enhancement Committee members, both of which were established in 2015, as described below. Both equity and cash compensation were determined using benchmark data from our peer companies provided by the Compensation Committee's independent compensation consultant, FW Cook.

Director Fees. Our non-employee directors (other than our Board Chair and Vice Chair, if any) receive an aggregate annual retainer equal to \$165,000, with \$65,000 paid in cash and \$100,000 paid in shares of our common stock. For our Chair, the aggregate annual retainer is equal to \$230,000, with \$110,000 paid in cash and \$120,000 paid in shares of our common stock. For our Vice Chair, if any, the aggregate annual retainer is equal to \$200,000, with \$100,000 paid in cash and \$100,000 paid in shares of our common stock. Members of the Audit/Finance Committee and the Value Enhancement Committee receive an additional annual retainer of \$10,000 paid in cash, and members of our Compensation and Corporate Governance Committees receive an additional annual retainer of \$6,500 and \$5,000, respectively, paid in cash. The committee Chairs for the Corporate Governance and Compensation Committees receive an additional annual retainer of \$15,000, and the Chairs of the Audit/Finance Committee and Value Enhancement Committee receive an additional annual retainer of \$20,000, all paid in cash in quarterly installments. Our Board Chair receives no additional retainers for serving on any of our committees. See ***LEADERSHIP STRUCTURE OF THE BOARD OF DIRECTORS*** in this proxy statement for more information on our Chair and Vice Chair of the Board.

New non-employee directors receive 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 and Vice Chair, if any. 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 Amended and Restated 2010 Stock Incentive Plan.

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.

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 \$550,000, for our Vice Chair, if any, that equates to a value of \$500,000, 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, with the exception of certain of our recently elected non-employee directors; Timothy Leyden, Diana Tremblay, Frank Jaehnert, and Peter Mainz, all of whom joined the Board within the last three years. All of these directors are making progress towards their goals.

Deferred Compensation Plan. Pursuant to the Company's Executive Deferred Compensation Plan, 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**2016 Director Compensation Table (for all non-employee Directors)**

Name	Director Compensation					Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total
	Fees Earned or Paid in Cash (\$)	Stock Awards (\$ (22))	Option Award (\$ (23))	Incentive Plan Compensation (\$)	Non-Equity Compensation (\$)			
Kirby Dyess (1)(2)(3)	178,750	0					178,750	
Jon Eliassen (4)(5)(6)	217,500	0					217,500	
Charles Gaylord (1)(4)(7)	77,375	99,969					177,344	
Thomas Glanville (8)	85,000	99,969					184,969	
Frank M. Jaehnert (2)(9)(10)	81,625	99,969					181,594	
Jerome Lande (1)(5)(11)(12)	63,750	74,972					138,722	
Timothy Leyden (1)(4)(13)(14)	79,783	99,969					179,752	
Peter Mainz (2)(5)(11)(15)	81,500	132,446					213,946	
Sharon Nelson (16)	142,500	0					142,500	
Daniel Pelino (2)	71,500	99,969					171,469	
Gary Pruitt (1)(5)(17)	93,234	99,969					193,203	
Diana D. Tremblay (5)(18)(19)	83,625	99,969					183,594	
Lynda Ziegler (20)(21)	106,250	104,924					211,174	

- (1) Member of the Audit/Finance Committee.
- (2) Member of the Compensation Committee.
- (3) Ms. Dyess joined the Audit/Finance Committee on September 15, 2016 and served until December 16, 2016. She served as Chair of the Compensation Committee until September 15, 2016 and served as a member of that committee for the remainder of the year.
- (4) Member of the Corporate Governance Committee.
- (5) Member of the Value Enhancement Committee.
- (6) Mr. Eliassen served as Chair of the Board from January through September 15, 2016. He was a member of the Corporate Governance and Value Enhancement Committees for the entire year, but only received committee compensation upon his departure from the Chair of the Board position. He was also a member of the

Compensation Committee through September 15, 2016.

- (7) Mr. Gaylord joined the Audit Committee effective September 15, 2016. He previously served on the Compensation Committee through September 15, 2016.
- (8) Chair of the Audit/Finance Committee.
- (9) Chair of the Corporate Governance Committee.
- (10) Mr. Jaehnert served as a member of the Audit/Finance Committee until September 15, 2016 when he became a member of the Compensation Committee. He also served as a member of the Corporate Governance Committee until September 15, 2016 whereupon he became Chair of the Corporate Governance Committee.
- (11) 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.
- (12) Beginning in the fourth quarter of 2016, Mr. Lande waived equity grants and his cash retainers were paid directly to Scopia Capital Management LP.
- (13) Chair of the Value Enhancement Committee.
- (14) Mr. Leyden became a member of the Corporate Governance Committee on September 15, 2016 and Chair of the Value Enhancement Committee on October 28, 2016.

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- (15) Mr. Mainz was elected to the Board effective January 1, 2016. In addition to the quarterly retainer grants, he received a restricted stock unit grant of 912 shares on January 4, 2016 pursuant to our policy to grant RSUs equal to 50% of the annual cash retainer to new non-employee directors.
- (16) Ms. Nelson did not stand for re-election at the 2016 Annual Meeting and retired effective September 15, 2016. Prior to her retirement, she served as a member of the Audit/Finance Committee and Chair of the Corporate Governance Committee.
- (17) Mr. Pruitt served as Chair of the Value Enhancement Committee until October 28, 2016, and served as a member of that committee for the remainder of the year.
- (18) Chair of the Compensation Committee.
- (19) Ms. Tremblay served as a member of the Compensation Committee until September 15, 2016 when she became Chair of the Compensation Committee.
- (20) Chair of the Board.
- (21) Ms. Ziegler served as Vice Chair of the Board until she was elected Chair of the Board on September 14, 2016. She served as a member of the Corporate Governance Committee for the entire year, but only received compensation for her service on that committee for the first three quarters of the year.
- (22) 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. Mr. Eliassen, Ms. Nelson and Ms. Dyess all elected to receive their retainers in cash. The new director grant to Mr. Mainz in 2016 has a vesting schedule of three years (one-third on each anniversary of the grant date). As of December 31, 2016, the following directors had the following RSUs outstanding: F. Jaehnert 608; J. Lande 626; T. Leyden 578; P. Mainz 912; D. Pelino 267; D. Tremblay 608.
- (23) No options were granted to non-employee directors in 2016. As of December 31, 2016, the following directors had the following options outstanding: K. Dyess 4,099; J. Eliassen 5,144; C. Gaylord 3,486; T. Glanville 2,102; S. Nelson 3,486; G. Pruitt 3,486.

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) 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 Chief Executive Officer (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 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 Company's 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

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extended term. Jon Eliassen completed his second term as Board Chair at the 2016 annual meeting. At that time, the Board elected the Vice Chair, Lynda Ziegler, as Board Chair and chose to leave the position of Vice Chair vacant.

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.

Since February 2015, our Governance Principles have provided for the role of Vice Chair, to be held by an independent director who meets the independence requirements of NASDAQ, unless the Board determines that the best interests of shareholders would otherwise be better served. In April 2015, and upon the recommendation of the Corporate Governance Committee, the Board appointed Lynda Ziegler to that position, in which she served until September 2016 when she was appointed Board Chair. As stated in the Governance Principles, the Vice Chair is appointed by the members of the Board and serves for a term to be determined by the Board (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 Vice Chair). At the 2016 annual meeting, the Board chose to leave the position of Vice Chair vacant.

The Vice Chair, who like the Board Chair may serve on Board committees, has the following duties and responsibilities:

Attend 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; assist in the preparation of agendas as needed for executive sessions of the independent directors;

Serve with the Board Chair as a liaison between the independent directors and the CEO;

In consultation with the Board Chair and the CEO, make recommendations to the Corporate Governance Committee as to membership of Board committees and appointment of Board committee Chairs;

Perform all duties of the Board Chair in the event the Board Chair is unavailable or unable to perform his or her duties; and

Perform such other duties as the Board Chair or the Board may require.

In December 2016, upon the recommendation of the Board's Corporate Governance Committee, the Board amended the Governance Principles (i) to require Board members to adhere to and demonstrate the highest ethical standards and integrity, (ii) to clarify the process around the Board's review of a director's change in employment status or appointment to another board, (iii) to include the Company's policy of reimbursing directors for expenses incurred in performing their duties, (iv) to include the Board's current practice of appointing certain standing and temporary committees, and (v) for other conforming changes. The current Governance Principles, as amended, may be found online at www.itron.com.

See *CORPORATE GOVERNANCE* in this proxy statement for additional information on our Board.

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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. In addition, the Board has determined that it will seek say-on-pay votes annually, and the Board is seeking a non-binding advisory vote of the shareholders at the Annual Meeting to continue say-on-pay votes on an annual basis. See *PROPOSAL 3 Advisory Vote on Frequency of Advisory Vote on Executive Compensation (Say-When-On-Pay)* in this proxy statement. 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 2016, the executive compensation package (base salary, short- and long-term incentives at target) included 84% of at-risk compensation for the CEO and an average of 74% 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 (2010 Plan) 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 conditioned 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 Chief Executive Officer (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 fiscal year 2015, 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, as was the case in fiscal year 2016, then the amount of compensation paid to our executives increases. See *The 2016 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

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Committee (and the independent members of the Board for CEO compensation), which provides overall direction for our compensation programs, believes the fiscal year 2016 compensation paid to our NEOs is reasonable and appropriate and adequately reflects the Company's overall performance in 2016.

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 NEOs, as disclosed in the Executive Compensation section of the Company's proxy statement for the 2017 Annual Meeting of Shareholders (which disclosure includes the Compensation Discussion and Analysis (CD&A), the Executive Compensation Tables, and the accompanying footnotes and narratives within the CD&A section of the proxy statement).

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE EXECUTIVE COMPENSATION OF OUR NEOs.

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**PROPOSAL 3 ADVISORY VOTE ON FREQUENCY OF ADVISORY VOTE ON EXECUTIVE
COMPENSATION (Say-When-on-Pay)**

In addition to the non-binding advisory vote on say-on-pay, Section 14A of the Securities Exchange Act of 1934 (Exchange Act) also enables our shareholders to express their preference for having a say-on-pay vote every one, two, or three years, or a shareholder may abstain from the vote. This non-binding frequency vote is required at least once every six years and is commonly referred to as say-when-on-pay . In 2011, the majority of our shareholders voted in favor of holding the say-on-pay vote annually.

The Board has considered the frequency of the say-on-pay vote and after considering the benefits and consequences of each option, the Board recommends that we continue to submit the say-on-pay vote to our shareholders annually. We believe an annual say-on-pay vote provides the Board and our Compensation Committee with more frequent input from shareholders on our compensation philosophy, policies and programs, and it correlates the say-on-pay vote with the most recent executive compensation information presented in our proxy statement for our annual meeting. Setting a one-year period for holding this vote provides a clear, simple means for the Company to obtain information on our shareholder sentiment about our executive compensation programs.

We request your vote to determine whether the say-on-pay vote to approve the compensation of our NEOs should occur every one, two, or three years. You will be able to cast your vote on your preferred voting frequency by choosing one of the following options set forth in the following resolution and in your voting instructions or proxy card:

RESOLVED, that the Company s shareholders determine, on a non-binding advisory basis, that the frequency with which the shareholders of the Company will have a non-binding advisory vote on the compensation of the Company s named executive officers set forth in the Company s proxy statement is:

Choice 1 every year;

Choice 2 every two years;

Choice 3 every three years; or

Choice 4 abstain from voting

This advisory vote on say-when-on-pay is not binding on the Company or its Board; however, the Board will take into account the results of the vote when determining the frequency of future say-on-pay votes. The frequency choice which receives the highest number of votes will be deemed the choice of the shareholders. **Shareholders are not voting to approve or disapprove the Board s recommendation. Instead, shareholders vote by choosing among the four choices set forth above and provided in the voting instructions or proxy card.**

***THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE TO HOLD THE ADVISORY VOTE ON
EXECUTIVE COMPENSATION EVERY YEAR.***

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PROPOSAL 4 APPROVAL OF THE ITRON, INC. SECOND AMENDED AND RESTATED 2010 STOCK INCENTIVE PLAN

The Board requests shareholder approval of amendments to the current Itron, Inc. Amended and Restated 2010 Stock Incentive Plan (2010 Plan) to increase the number of shares authorized under the 2010 Plan by 3,000,000 shares, to improve the Company's corporate governance and to make other updates as more specifically described below (Itron, Inc. Second Amended and Restated 2010 Stock Incentive Plan or Second Amended 2010 Plan).

The Board believes it is in the best interests of the Company and its shareholders to continue offering equity-based awards to our management-level employees. To have an appropriate supply of shares available for equity awards under the Second Amended 2010 Plan to recruit, hire and retain the talent necessary to achieve strong performance in the future, our Board believes the Company will need to reserve under the Second Amended 2010 Plan the additional 3,000,000 shares for which shareholder approval is being requested. By approving the Second Amended 2010 Plan, shareholders are approving the performance criteria for Performance-Based Awards as set forth in the Second Amended 2010 Plan.

Request for Additional Shares, Dilution and Overhang

The 2010 Plan is the Company's only active employee equity plan (other than its Employee Stock Purchase Plan), and as of March 1, 2017, we had approximately 1,617,926 shares remaining for issuance under the 2010 Plan. If the shareholders approve the Second Amended 2010 Plan, then at March 1, 2017, we would have had approximately 4,617,926 shares available for the grant of new awards. As of March 1, 2017, there were 1,079,835 options outstanding in aggregate under the 2010 Plan and the Amended and Restated 2000 Stock Incentive Plan (Prior Plan) with a weighted average exercise price of \$47.87 and a weighted average remaining term of 6.79 years, and 756,467 full value awards under the 2010 Plan that were unvested and outstanding. Shares under the Company's 2012 Employee Stock Purchase Plan have been excluded from the above share totals.

In determining the number of additional shares of common stock to allocate to the Second Amended 2010 Plan, the Board considered various factors, including potential dilution, industry plan cost standards, historical grant practices and anticipated equity compensation needs, as well as information and guidelines from proxy advisory firms.

The potential dilution to current shareholders (or overhang) that could result from the future issuance of shares available under the Second Amended 2010 Plan, in addition to shares subject to awards outstanding under the Second Amended 2010 Plan, would be approximately 14.5%. This percentage is calculated on a fully-diluted basis, by dividing the total shares underlying outstanding equity awards (1,939,723) plus the shares available for future awards under the Second Amended 2010 Plan, including the new shares requested (3,000,000) (together, the numerator) by the total shares of common stock outstanding as of March 1, 2017 (38,742,761) plus the number of shares in the numerator. This level of dilution falls within the allowable benchmark of the companies in the Company's Global Industry Classification Standard industry classification and results in a plan cost under Institutional Shareholder Services' shareholder value transfer (SVT) model that management estimates is within the industry-specific SVT cap that applies to the Company.

Based on our historical grant practices and our expectations for the equity programs going forward, the new shares requested for use under the Second Amended 2010 Plan are expected to meet the Company's equity grant needs for approximately three years. The shares reserved may, however, last for more or less than three years depending on currently unknown factors, such as the number of grant recipients, future grant practices, and the Company's share price.

Shareholder Approval of Material Terms of Performance-Based Awards under Code Section 162(m)

The Board is seeking shareholder approval of the material terms of the performance goals applicable to stock awards that are intended to constitute qualified performance-based compensation under Section 162(m) of the

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Internal Revenue Code of 1986, as amended (Code) and that are granted to our CEO and such other senior executives (generally, the three other most highly compensated officers other than the chief financial officer) who are considered covered employees under Section 162(m) of the Code (Performance-Based Award(s)).

To preserve the Company's ability to deduct for U.S. federal income tax purposes compensation that certain of our covered employees may recognize in connection with Performance-Based Awards that may be granted under the Second Amended 2010 Plan, shareholders are being asked to approve certain material terms of the Second Amended 2010 Plan related to such awards. Section 162(m) of the Code eliminates a federal income tax deduction for compensation in excess of \$1 million paid by the Company (or our subsidiaries) to any covered employee each year, unless that compensation is conditioned upon the attainment of one or more performance-based goals and otherwise meets the requirements of qualified performance-based compensation under Section 162(m) of the Code. Among the requirements for compensation to be considered qualified performance-based compensation is that the material terms of the performance goals pursuant to which the Performance-Based Awards are paid have been disclosed to and approved by the shareholders every five years. The material terms of the 2010 Plan were last approved by the shareholders at the Company's 2014 annual meeting. The material terms of the performance goals applicable to Performance-Based Awards consist of:

the eligibility requirements to be granted a Performance-Based Award under the Second Amended 2010 Plan;

the performance criteria upon which Performance-Based Awards granted under the Second Amended 2010 Plan may be based; and

the maximum amount of compensation that can be paid to any employee pursuant to Performance-Based Awards.

Generally, officers of the Company are eligible to be granted Performance-Based Awards. The performance criteria upon which Performance-Based Awards may be based and the maximum amount of compensation that can be paid to any one employee under Performance-Based Awards is discussed below under the heading *Internal Revenue Code Section 162(m) Provisions*. Approval of the Second Amended 2010 Plan will constitute approval of the material terms of the performance goals applicable to Performance-Based Awards.

The Board and the Compensation Committee have approved the material terms of the performance goals, subject to approval by shareholders. If approval is not obtained from shareholders at the Annual Meeting, while performance-based awards could still be granted, the Company would not be able to deduct compensation in excess of \$1 million paid to the covered employees for federal income tax purposes.

The Board of Directors believes that the proposal to approve the material terms of the performance goals applicable to Performance-Based Awards is in the best interests of the Company, its shareholders, and its employees. At the Annual Meeting, the shareholders are being asked to approve the material terms of the performance goals applicable to Performance-Based Awards.

Material Changes to the 2010 Plan

The following summary highlights the proposed material amendments to the 2010 Plan.

The aggregate number of shares reserved for issuance pursuant to awards granted under the 2010 Plan has been increased by 3,000,000 additional shares.

A provision has been added to require a minimum vesting period of at least one year for all awards granted under the Second Amended 2010 Plan with the exception of up to 5% of the shares granted under the Second Amended 2010 Plan and any accelerated vesting related to a change in control, death or disability.

A provision has been added to limit the aggregate grant date fair value of all awards granted to any non-employee director, plus all cash payable during the calendar year, to not exceed \$500,000.

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A clarification was added to provide that no dividends or dividend equivalents may be paid on unvested shares.

The listing of potential performance criteria has been updated to provide more flexibility in designing Performance-Based Awards.

A provision has been added to clarify the determination of, and any adjustments or exclusions to, performance goals that are financial metrics.

Allowing flexibility for the Plan Administrator to determine withholding rates for taxes on awards.

More flexibility for the assignment of awards so long as permitted by Section 422 of the Code and consistent with the requirements of a registration of the Second Amended 2010 Plan shares on Form S-8.

Key Terms of the Second Amended 2010 Plan at a Glance

The following is a summary of the key provisions of the Second Amended 2010 Plan, as set forth and stated herein.

Plan Term: The Second Amended 2010 Plan, as amended and restated, will become effective on the date the shareholders approve the Second Amended 2010 Plan and will continue in effect until terminated by the Board.

Eligible Participants: Employees, directors, consultants, agents, advisors and independent contractors of the Company or a related corporation generally are eligible to receive each type of award offered under the Second Amended 2010 Plan.

Only employees of the Company or a related corporation are eligible to receive incentive stock options, within the meaning of Section 422 of the Code (ISOs), under the Second Amended 2010 Plan.

Shares Available for Awards: The grant date fair value of all awards granted to any non-employee director, plus all cash payable during the calendar year, may not exceed \$500,000.
10,875,000 shares of common stock over the term of the Second Amended 2010 Plan (after giving effect to the increase of 3,000,000 shares if the amendments are approved), subject to adjustment in the event of certain changes in the capitalization of the Company.

If the amendments are approved by the shareholders, approximately 10,875,000 shares of common stock would have been available for the grant of new awards under the Second Amended 2010 Plan as of March 1, 2017.

Award Types

(1) Options

(2) Restricted stock

(3) Restricted stock units

(4) Stock appreciation rights

(5) Performance-based awards

Award Terms

(Exercisability Period):

Options and Stock Appreciation Rights (SARs) have a term of no longer than 10 years

ISOs granted to ten percent owners will have a term of no longer than 5 years.

All other awards have the terms set forth in the applicable award agreement and in the Second Amended 2010 Plan.

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ISO Limits: No more than 10,875,000 shares of common stock may be issued upon the exercise of incentive stock options (ISOs) granted under the Second Amended 2010 Plan.

162(m) Share Limits: Section 162(m) of the Code requires, among other things, that the maximum number of shares awarded to an individual during a specified period must be approved by the shareholders in order for the awards granted under the plan to be eligible for treatment as performance-based compensation that will not be subject to the \$1 million limitation on tax deductibility for compensation paid to certain specified senior executives.

Accordingly, the Second Amended 2010 Plan limits awards granted to an individual participant in any fiscal year to:

(1) No more than 300,000 shares subject to any award;

(2) Up to 300,000 additional shares subject to awards to new hires

(2) No more than \$4,000,000 payable in cash with respect to any award.

Vesting: Determined by the Compensation Committee within limits set forth in the Second Amended 2010 Plan provided that all awards have a minimum vesting period of one year with certain exceptions as set forth in the Second Amended 2010 Plan.

Not Permitted: (1) Repricing or reducing the exercise price of a share option or SAR below the per share exercise price as of the date of grant without shareholder approval.

(2) Canceling, surrendering or substituting an outstanding option or SAR (at any time when the then-current fair market value of a share is less than the exercise price) in exchange for the grant of a new award with a lower exercise price, a cash payment or any other award.

(3) Adding shares back to the number of shares available for issuance when (i) shares covered by an award are surrendered in payment of the

purchase price of awards or tax withholding for the exercise or settlement of an option or stock appreciation right, (ii) shares are not issued or delivered as a result of net settlement of an outstanding option or stock appreciation right, and (iii) shares are repurchased on the open market with the proceeds of the exercise of an option.

(4) Payment of dividends or dividend equivalents on unvested awards.

Change in Control:

The Plan Administrator has discretion.

Summary of the Second Amended 2010 Plan

The following description of the Second Amended 2010 Plan is a summary, does not purport to be fully descriptive and is subject to the actual terms of the Second Amended 2010 Plan, which is attached to this proxy statement as *Appendix A*.

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Purpose of the Second Amended 2010 Plan

The purpose of the Second Amended 2010 Plan is to enhance the long-term shareholder value of the Company by offering opportunities to selected persons to participate in the Company's growth and success, and to encourage them to remain in the service of the Company and to acquire and maintain stock ownership in the Company. The Second Amended 2010 Plan allows us to utilize multiple types of equity incentives and performance incentives in order to secure and retain the services of our employees, consultants and directors, and to provide long-term incentives that align the interests of award recipients with the interests of our shareholders.

Awards. The Second Amended 2010 Plan allows us to grant incentive and nonqualified stock options, stock appreciation rights (SARs), performance shares, performance units, restricted shares, restricted units, and unrestricted shares plus dividend equivalents. Awards may be granted individually or in combination with other awards.

Stock Subject to the Second Amended 2010 Plan. A maximum of 10,875,000 shares of common stock (after giving effect to the increase of 3,000,000 shares if the amendments are approved) will be authorized for issuance under the Second Amended 2010 Plan, all of which shares may be issued pursuant to the exercise of incentive stock options granted under the Second Amended 2010 Plan. The maximum number of shares, including the number of shares that may be issued pursuant to the exercise of incentive stock options, are subject to adjustment upon certain capitalization events of the Company as described in more detail below.

The Second Amended 2010 Plan uses a fungible share concept where the awards of options and SARs cause one available share to be removed from the available share pool, while the award of restricted stock, restricted stock units, or other full-value stock-based awards will be counted against the pool as 1.7 shares for each such award.

Shares covered by awards under the Second Amended 2010 Plan and the Prior Plan that are forfeited, cancelled or otherwise expire without having been exercised or settled, or that are settled by cash or other non-share consideration, become available for issuance pursuant to a new award and will be credited back to the pool at the same one share or 1.7 shares ratio used for the awards. In addition, in the event that tax withholding liabilities arising under a full-value award under the Second Amended 2010 Plan or Prior Plan are satisfied by surrendering of shares subject to an award, the surrendered shares will be added back to the pool at the same one share or 1.7 shares ratio used for the awards.

The following are not available for issuance pursuant to new awards: (i) shares that are surrendered to pay the exercise price of an award or, with regard to options or SARs, to satisfy tax withholding obligations; (ii) shares that are not issued as a result of a net settlement of an option or SARs; (iii) shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of options.

The grant date fair value of all awards granted to any non-employee director, plus all cash payable during the calendar year, may not exceed \$500,000.

Administration. Our Compensation Committee will administer the Second Amended 2010 Plan (Plan Administrator), unless the Board appoints another committee to administer the Second Amended 2010 Plan. Subject to the terms of the Second Amended 2010 Plan, the Plan Administrator selects the individuals to receive awards, determines the terms and conditions of all awards, and interprets the provisions of the Second Amended 2010 Plan.

The Plan Administrator has the authority, in its sole discretion, to determine the type or types of awards to be made under the Second Amended 2010 Plan. Except for adjustments to reflect stock splits and similar events, without shareholder approval, (i) no option or SAR may be amended to reduce the exercise price of such option or SAR below the per share fair market value of the common stock as of the date the option or SAR was granted, and (ii) at any time

when the then-current fair market value of a share is less than the fair market value of a share

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of common stock on the date that an outstanding option or SAR was granted, such outstanding option or SAR may not be cancelled or surrendered in exchange for (i) cash, (ii) an option or SAR having an exercise price that is less than the fair market value of a share of common stock on the date that the original option or SAR was granted, or (ii) any other Award.

Eligible Participants. Awards may be granted under the Second Amended 2010 Plan to those officers, directors, and employees of the Company and its Related Corporations (as defined in the Second Amended 2010 Plan, generally Company subsidiaries) as the Plan Administrator selects. Awards may also be made to consultants, agents, advisors, and independent contractors who provide services to the Company and its Related Corporations; provided, however, that such participants render bona fide services that are not in connection with the offer and sale of the Company's securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities. As of March 1, 2017, twelve non-employee directors, and approximately 300 employees would be eligible to participate in the Second Amended 2010 Plan.

Minimum Vesting Requirements. With certain exceptions as set forth in the Second Amended 2010 Plan, no Award may vest before the first anniversary of the date of grant, subject to earlier vesting in connection with a Change in Control, death or disability. The Company may grant awards with respect to up to 5% of the number of shares reserved under the Second Amended 2010 Plan without regard to the minimum vesting period.

Stock Options. Options granted under the Second Amended 2010 Plan may be incentive stock options (as defined in Section 422 of the Code) or nonqualified stock options. Under the Second Amended 2010 Plan, the exercise price for each option is determined by the Plan Administrator, but cannot be less than 100% of the common stock's fair market value on the date of grant. For purposes of the Second Amended 2010 Plan, fair market value generally means the closing sales price of our common stock as reported by The NASDAQ Global Select Market for a single trading day. As of March 1, 2017, the fair market value of a share of our common stock was \$61.00.

The term of each option may not be greater than ten years from the date of grant. The Plan Administrator will establish and set forth in each instrument that evidences an option the time at which, or the installments in which, the option will vest and become exercisable, which provisions may be waived or modified by the Plan Administrator at any time.

The Plan Administrator will establish and set forth in each instrument that evidences an option whether the option will continue to be exercisable, and the terms and conditions of such exercise, if a participant ceases to be employed by, or to provide services to, the Company or its Related Corporations. If not so established in the instrument evidencing the Option, the Option will be exercisable according to the following terms and conditions, which may be waived or modified by the Plan Administrator at any time:

(a) Any portion of an option that is not vested and exercisable on the date of termination of the participant's employment or service relationship (Termination Date) will expire on such date.

(b) Any portion of an option that is vested and exercisable on the Termination Date will expire upon the earliest to occur of:

(i) the last day of the Option Term (unless otherwise noted, capitalized terms are as defined in the Second Amended 2010 Plan);

(ii) if the participant's Termination Date occurs for reasons other than Cause, Retirement, death or Disability, the three-month anniversary of such Termination Date; and

(iii) if the participant's Termination Date occurs by reason of Retirement, Disability or death, the one-year anniversary of such Termination Date.

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Notwithstanding the foregoing, if the participant dies after the Termination Date while the option is otherwise exercisable, the portion of the option that is vested and exercisable on such Termination Date will expire upon the earlier to occur of (a) the last day of the Option Term or (b) the first anniversary of the date of death, unless the Plan Administrator determines otherwise.

Also notwithstanding the foregoing, in case of termination of the participant's employment or service relationship for Cause, the option will automatically expire upon first notification to the participant of such termination, unless the Plan Administrator determines otherwise.

The Plan Administrator recently approved provisions in award agreements governing exercisability post-termination that differ from the default provisions in the Second Amended 2010 Plan. A summary of the award agreements is set forth in Section 9B of our most recent Annual Report on Form 10-K.

Stock Awards and Stock Units. The Plan Administrator is authorized to make awards of common stock on such terms and conditions and subject to such restrictions (which may be based on continuous service with the Company and/or a Related Corporation or the achievement of performance goals) as the Plan Administrator will determine, in its sole discretion, and as set forth in the instrument evidencing the award (Restricted Stock). The terms, conditions and restrictions determined by the Plan Administrator will include, without limitation, the manner in which shares of Restricted Stock are held during the periods they are subject to restrictions and the circumstances under which forfeiture of the Restricted Stock will occur by reason of termination of the participant's employment or service relationship, if any.

The Plan Administrator is also authorized to make awards of common stock as described above but without imposing any restrictions (whether based on continuous service with the Company and/or a Related Corporation or the achievement of performance goals) on the shares of common stock subject to the award (Unrestricted Stock).

The Plan Administrator is authorized to make awards denominated in units of common stock (Stock Units) on such terms and conditions and subject to such restrictions (which may be based on continuous service with the Company and/or a Related Corporation or the achievement of performance goals) as the Plan Administrator will determine, in its sole discretion. The terms, conditions and restrictions include, without limitation, the conditions which must be satisfied prior to the issuance of the shares subject to the Stock Units to the participant and the circumstances under which forfeiture of the Stock Units will occur by reason of termination of the participant's employment or service relationship.

Performance Share and Performance Unit Awards. The Plan Administrator may grant awards of performance shares (Performance Shares) and designate the participants to whom Performance Shares are to be awarded and determine the number of Performance Shares and the terms and conditions of each such award. Performance Shares consist of a unit valued by reference to a designated number of shares of common stock, the value of which may be paid to the participant by delivery of such property as the Plan Administrator will determine, including, without limitation, cash, shares of common stock, other property, or any combination thereof, upon the attainment of performance goals, as established by the Plan Administrator, and other terms and conditions specified by the Plan Administrator.

The Plan Administrator may grant awards of performance units (Performance Units) and designate the participants to whom Performance Units are to be awarded and determine the number of Performance Units and the terms and conditions of each such award. Performance Units consist of a unit valued by reference to a designated amount of property other than shares of common stock, which value may be paid to the participant by delivery of such property as the Plan Administrator will determine, including, without limitation, cash, shares of common stock, other property, or any combination thereof, upon the attainment of performance goals, as established by the Plan Administrator, and

other terms and conditions specified by the Plan Administrator.

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Dividend Equivalents. The Plan Administrator is authorized to grant dividend equivalents, which are rights under the Second Amended 2010 Plan entitling a participant to receive credits based on dividends that would have been paid on shares of Common stock subject to an award if such shares had been held by the participant at the time the dividend was declared. Dividend equivalents cannot be granted as part of options or SARs. Any dividend equivalents granted (or dividends distributed) will be subject to the same vesting conditions applicable to the Award and shall not be paid unless and until the underlying Award vests.

U.S. Internal Revenue Service Code Section 162(m) Provisions. If the Plan Administrator determines at the time a Stock Award or a Performance Award is granted to a participant who is then an officer, that such participant is, or is likely to be as of the end of the tax year in which the Company would claim a tax deduction in connection with such award, a Covered Employee (as defined under Code Section 162(m)), then the Plan Administrator may provide that Code Section 162(m) is applicable to such award and require the following:

(a) If a Stock Award or a Performance Award is subject to Code Section 162(m), then the lapsing of restrictions thereon and the distribution of cash, shares of common stock or other property pursuant thereto, as applicable, will be subject to the achievement of one or more objective performance goals established by the Plan Administrator, which will be based on the following business criteria, either individually, alternatively or in any combination, as reported or calculated by the Company: (i) earnings, including one or more of operating income, earnings before or after taxes, earnings before or after interest, depreciation, amortization, adjusted EBITDA, economic earnings, or extraordinary or special items or book value per share (which may exclude nonrecurring items); (ii) pre-tax income or after-tax income; (iii) earnings per share (basic or diluted); (iv) operating profit; (v) revenue, revenue growth or rate of revenue growth; (vi) return on assets (gross or net), return on investment, return on capital, or return on equity; (vii) returns on sales or revenues; (viii) operating expenses; (ix) share price or total shareholder return; (x) cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital; (xi) implementation or completion of critical projects or processes; (xii) cumulative earnings per share growth; (xiii) operating margin or profit margin; (xiv) cost targets, reductions and savings, productivity and efficiencies; (xv) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, product quality measures, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, supervision of litigation, information technology, and goals relating to acquisitions, divestitures, joint ventures and similar transactions, and budget comparisons; (xvi) personal professional objectives, including any of the foregoing performance goals, the implementation of policies and plans, the negotiation of transactions, the development of long term business goals, formation of joint ventures, research or development collaborations, and the completion of other corporate transactions; (xvii) other measurable business drivers; and (xviii) any combination of, or a specified increase in, any of the foregoing, any of which may be used to measure the performance of the Company as a whole or with respect to any business unit, Subsidiary or business segment of the Company, either individually, alternatively or in any combination, and may be measured either annually or cumulatively over a period of years or other period, on an absolute basis or relative to a pre-established target, to previous period results or to a designated comparison group. Any performance goals that are financial metrics, may be determined in accordance with U.S. Generally Accepted Accounting Principles (GAAP), in accordance with accounting principles established by the International Accounting Standards Board (IASB Principles), or may be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP or under IASB Principles. The Plan Administrator may provide for exclusion of the impact of an event or occurrence which the Plan Administrator determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual, infrequently occurring or non-recurring charges or events, (b) asset write-downs, (c) litigation or claim judgments or settlements, (d) acquisitions or divestitures, (e) reorganization or change in the corporate structure or capital structure of the Company, (f) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, (g) foreign exchange gains and losses, (h) a change in the fiscal year of the Company, (i) the

refinancing or repurchase of bank loans or debt securities, (j), unbudgeted capital expenditures, (k) the issuance or repurchase of equity securities and other changes in the number of outstanding shares, (l) conversion of some or all of convertible securities to common

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stock, (m) any business interruption event (n) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles, or (o) the effect of changes in other laws or regulatory rules affecting reported results. Such performance goals will be set by the Plan Administrator within the time period prescribed by, and will otherwise comply with the requirements of, Section 162(m) of the Code, or any successor provision thereto, and the regulations thereunder.

(b) The Plan Administrator (notwithstanding certain other provisions of the Second Amended 2010 Plan) may adjust downwards, but not upwards, the amount payable pursuant to any Stock Award or Performance Award, but the Plan Administrator may not waive the achievement of the applicable performance goals except in the case of the death or Disability of the Covered Employee.

(c) The Plan Administrator may impose such other restrictions on awards subject to Code Section 162(m) as it may deem necessary or appropriate to ensure that such awards satisfy all requirements for performance-based compensation within the meaning of Section 162(m)(4)(C) of the Code, or any successor provision thereto.

(d) Subject to adjustment from time to time as provided in the Second Amended 2010 Plan, no participant may be granted options, SARs, Stock Awards or Performance Shares subject to Code Section 162(m) to the extent the awards are intended to constitute Qualified Performance-Based Compensation, in any calendar year period with respect to more than 300,000 shares of common stock for such award in the aggregate, except that the Company may make additional one time grants of such awards for up to 300,000 shares in the aggregate to newly hired individuals (for the applicable year of hire), and the maximum dollar value payable with respect to Performance Units subject to Code Section 162(m) granted to any participant in any one calendar year is \$4,000,000.

Assignability. Except as otherwise determined by the Plan Administrator in accordance with the terms of the Second Amended 2010 Plan and to the extent permitted by Section 422 of the Code, awards may not be pledged, assigned, or transferred other than by will or the laws of descent and distribution, except that a participant may designate a beneficiary who may exercise an award or receive payment under an award after the participant's death. During the participant's lifetime, awards may be exercised only by the participant. Any transfer of an award that is authorized under the Second Amended 2010 Plan must comply with the requirements applicable to offerings registered under a registration statement on Form S-8.

Adjustment of Shares. In the event of stock dividend, stock split, reverse stock split, reorganization, split-up, spin-off, combination, repurchase, or exchange of shares, recapitalization, mergers, consolidations, distributions to shareholders other than a normal cash dividend, or other change in the Company corporate or capital structure or similar changes in our corporate or capital structure, the Plan Administrator, will make proportional adjustments in (a) the maximum number and kind of securities subject to the Second Amended 2010 Plan and the maximum number and kind of securities that may be made subject to awards to any participant, (b) the number and kind of securities that are subject to any outstanding award and the per share price of such securities, without any change in the aggregate price to be paid therefor, (c) the number and kind of securities automatically granted pursuant to a formula program established under the Second Amended 2010 Plan, and (d) the maximum number of securities subject to an award to which Code Section 162(m) applies, as set forth in the Second Amended 2010 Plan. Such adjustments will not be deemed an option repricing under the Second Amended 2010 Plan.

Change in Control Transactions. Except as otherwise provided in the instrument evidencing the award or in a written employment or services agreement or other agreement between a participant and the Company or a Related Corporation in connection with an award, if in the event of a Change in Control Transaction (as defined in the Second Amended 2010 Plan), a Participant's award is not assumed, continued, replaced or an equivalent award is not substituted for the award by the surviving corporation, the successor corporation or its parent corporation, as

applicable, the award will become fully vested and, if applicable, exercisable whether or not the vesting requirements set forth in the applicable agreement evidencing the award have been satisfied.

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The vesting and payout of Performance Awards resulting from a Change in Control Transaction will be as provided in the instrument evidencing the award or in a written employment or services agreement between a participant and the Company or a Related Corporation.

The Plan Administrator will have the discretion, exercisable at any time before a sale, merger, consolidation, reorganization, liquidation, or change in control of the Company, as defined by the Plan Administrator, to take such further action as it determines to be necessary or advisable, and fair and equitable to the participants, with respect to awards.

Amendment and Termination of Second Amended 2010 Plan. The Board may suspend or terminate the Second Amended 2010 Plan at any time. The Second Amended 2010 Plan will have no fixed expiration date; provided, however, that no incentive stock options may be granted more than ten years after the later of (a) the Second Amended 2010 Plan's adoption by the Board and (b) the adoption by the Board of any amendment to the Second Amended 2010 Plan that constitutes the adoption of a new plan for purposes of Section 422 of the Code.

The Second Amended 2010 Plan may be amended only by the Board in such respects as it will deem advisable; provided, however, that to the extent required for compliance with Section 422 of the Code or any applicable law or regulation, shareholder approval will be required for any amendment that would (a) increase the total number of shares available for issuance under the Second Amended 2010 Plan, (b) modify the class of persons eligible to receive Options, or (c) otherwise require shareholder approval under any applicable law or regulation.

Clawback/Recovery. Awards are subject to recoupment under any clawback policy that the Company is required to adopt under stock exchange rules or as otherwise required by applicable law. The Company may also impose other recoupment provisions as the Plan Administrator may determine are necessary or appropriate.

Section 409A. To the extent applicable, the Second Amended 2010 Plan and any written instrument evidencing any award will be interpreted in accordance with Section 409A of the Code and U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the effective date of the Second Amended 2010 Plan.

Federal Income Tax Consequences of the Second Amended 2010 Plan

The following is a summary of the U.S. federal income tax consequences that generally will arise with respect to awards granted under the Second Amended 2010 Plan. This summary is based on the federal tax laws in effect as of the date of this proxy statement. In addition, this summary assumes that all awards are exempt from, or comply with, the rules under Section 409A of the Code regarding nonqualified deferred compensation.

Incentive Stock Options. A participant will not have income upon the grant of an incentive stock option. Also, except as described below, a participant will not have income upon exercise of an incentive stock option if the participant has been employed by the Company or a 50% or more-owned corporate subsidiary at all times beginning with the option grant date and ending three months before the date the participant exercises the option. If the participant has not been so employed during that time, then the participant will be taxed as described below under Nonstatutory Stock Options. The exercise of an incentive stock option may subject the participant to the alternative minimum tax.

A participant will have income upon the sale of the stock acquired under an incentive stock option at a profit (if sales proceeds exceed the exercise price). The type of income will depend on when the participant sells the stock. If a participant sells the stock more than two years after the option was granted and more than one year after the option was exercised, then all of the profit will be long-term capital gain. If a participant sells the stock prior to satisfying

these waiting periods, then the participant will have engaged in a disqualifying disposition and a portion of the profit will be ordinary income and a portion may be capital gain. This capital gain will be long-term if the participant has held the stock for more than one year and otherwise will be short-term. If a participant sells the stock at a loss (sales proceeds are less than the exercise price), then the loss will be a capital loss. This capital loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

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Nonstatutory (nonqualified) Stock Options. A participant will not have income upon the grant of a nonstatutory stock option. A participant will have compensation income upon the exercise of a nonstatutory stock option equal to the value of the stock on the day the participant exercised the option less the exercise price. Upon sale of the stock, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the day the option was exercised. This capital gain or loss will be long-term if the participant has held the stock for more than one year and otherwise will be short-term.

Stock Appreciation Rights (SAR). A participant will not have income upon the grant of a stock appreciation right. A participant generally will recognize compensation income upon the exercise of a SAR equal to the amount of the cash and the fair market value of any stock received. Upon the sale of the stock, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the day the SAR was exercised. This capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

Restricted Stock Awards. A participant will not have income upon the grant of restricted stock unless an election under Section 83(b) of the Code is made within 30 days of the date of grant. If a timely 83(b) election is made, then a participant will have compensation income equal to the value of the stock less the purchase price. When the stock is sold, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the date of grant. If the participant does not make an 83(b) election, then when the stock vests the participant will have compensation income equal to the value of the stock on the vesting date less the purchase price. When the stock is sold, the participant will have capital gain or loss equal to the sales proceeds less the value of the stock on the vesting date. Any capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

Restricted Stock Units. A participant will not have income upon the grant of a restricted stock unit. A participant is not permitted to make a Section 83(b) election with respect to a restricted stock unit award. When the stock is distributed with respect to a restricted stock unit, the participant will have income in an amount equal to the fair market value of the stock less the purchase price, if any. When the stock is sold, the participant will have capital gain or loss equal to the sales proceeds less the value of the stock previously taxed. Any capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

Other Stock-Based Awards. The tax consequences associated with any other stock-based award granted under the Second Amended 2010 Plan will vary depending on the specific terms of such award. Among the relevant factors are whether or not the award has a readily ascertainable fair market value, whether or not the award is subject to forfeiture provisions or restrictions on transfer, the nature of the property to be received by the participant under the award and the participant's holding period and tax basis for the award or underlying common stock.

Tax Consequences to the Company. There will be no tax consequences to the Company except that the Company will be entitled to a deduction when a participant has compensation income. Any such deduction will be subject to the limitations of Section 162(m) of the Code.

Withholding. The Plan Administrator at its discretion may satisfy tax withholding obligations associated with awards by allowing (a) participants to pay cash, (b) the Company to withhold shares with a fair market value up to the minimum applicable rate or as determined by the Plan Administrator, (c) participants to transfer shares to the Company with a fair market value equal to the withholding obligation, or (d) any other method set forth in the instrument evidencing the award.

Future Plan Benefits

All awards to employees, officer, directors and consultants under the Second Amended 2010 Plan are made at the discretion of the Plan Administrator. Therefore, the benefits and amounts that will be received or allocated under the Second Amended 2010 Plan in the future are not determinable at this time.

Table of Contents**Past Grants under the 2010 Plan**

The following table sets forth the number of shares subject to equity awards granted under the 2010 Plan through March 1, 2017. These share numbers do not take into account the effect of awards that have been cancelled or that expired unexercised.

Name and Position	Option Shares	RSU Shares	Performance-Based Shares	Restricted Stock	Total Shares
Named Executive Officers					
Philip Mezey President and CEO	442,801	107,744	216,311		766,856
Thomas Deitrich Executive Vice President and COO	144,437	105,508	40,223		290,168
Mark Schmitz Executive Vice President and CFO	64,430	21,758	43,517		129,705
Michel Cadieux Senior Vice President, Human Resources	48,945	16,898	33,798		99,641
Shannon Votava Senior Vice President, General Counsel and Corporate Secretary	55,388	17,803	32,578		105,769
Current Executive Officer Group (all Named Executive Officers)	756,001	269,711	366,427		1,392,139
Non-Employee Director Group					
Kirby A. Dyess	3,099	590		9,176	12,865
Jon Eliassen	4,144			11,404	15,548
Charles H. Gaylord, Jr.	2,486			14,624	17,110
Thomas S. Glanville	3,712			14,624	18,336
Frank M. Jaehnert		911		4,360	5,271
Jerome J. Lande		938		1,940	2,878
Timothy M. Leyden		866		5,036	5,902
Peter Mainz		912		2,603	3,515
Daniel S. Pelino		801		5,822	6,623
Gary E. Pruitt	2,486			14,780	17,266
Diana D. Tremblay		911		4,360	5,271
Lynda L. Ziegler		749		10,236	10,985
Total for Non-Employee Director Group	15,927	6,678		98,965	121,570
All employees who are not executive officers, as a group	492,195	2,039,157	509,491		3,040,843
Total 2010 Plan Shares	1,264,123	2,315,546	875,918	98,965	4,554,552

THE BOARD BELIEVES APPROVAL OF THE SECOND AMENDED 2010 PLAN IS IN THE BEST INTERESTS OF THE SHAREHOLDERS TO APPROVE THE AMENDMENTS DESCRIBED IN THIS PROXY AND FOR THE PURPOSES OF AUTHORITY TO GRANT AWARDS THAT CONSTITUTE QUALIFIED PERFORMANCE-BASED COMPENSATION UNDER CODE SECTION 162(M) UNDER THE CODE, AND RECOMMENDS A VOTE FOR THE APPROVAL OF THE ITRON, INC. SECOND AMENDED AND RESTATED 2010 STOCK INCENTIVE PLAN AND THE MATERIAL TERMS UNDER CODE SECTION 162(M).

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PROPOSAL 5 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANT

The Board, upon the recommendation of its Audit/Finance Committee, has selected Deloitte & Touche LLP to serve as the Company's independent registered public accountant for the 2017 fiscal year, subject to ratification by our shareholders. Although not required to do so, the Board is submitting the selection of Deloitte & Touche LLP for ratification by the Company's shareholders for their views on the Company's independent registered public accountant and as a matter of good corporate practice. Deloitte & Touche LLP has advised the Company that it has no direct, nor any material indirect, financial interest in the Company or any of its subsidiaries.

In the event that our shareholders fail to ratify the selection, it will be considered as a direction to the Board and the Audit/Finance Committee to consider the selection of a different firm. Even if the selection is ratified, the Audit/Finance Committee in its discretion may select a different independent registered public accounting firm, subject to ratification by the Board, at any time during the year if it determines that such a change would be in the best interest of the Company and our shareholders.

Representatives of Deloitte & Touche LLP will be present at the annual meeting and will have an opportunity to make a statement if they so desire and to respond to appropriate questions from shareholders at the annual meeting.

***THE BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION
OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED
PUBLIC ACCOUNTANT FOR THE 2017 FISCAL YEAR.***

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CORPORATE GOVERNANCE

Corporate Governance Guiding Principles

The Company has adopted Corporate Governance Guiding Principles (Governance Principles), which are available on the Company's website, *www.itron.com*, by selecting Investors and then Corporate Governance. In December 2016, upon the recommendation of the Board's Corporate Governance Committee, the Board amended the Governance Principles (i) to require Board members to adhere to and demonstrate the highest ethical standards and integrity, (ii) to clarify the process around the Board's review of a director's change in employment status or appointment to another board, (iii) to include the Company's policy of reimbursing directors for expenses incurred in performing their duties, (iv) to include the Board's current practice of appointing certain standing and temporary committees, and (v) for other conforming changes.

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 of our directors attended the 2016 annual meeting of shareholders in person or by telephone. During 2016, the Board met fifteen times. All of 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 Corporate Governance Guiding 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 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 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 Corporate Governance Committee, the Board has determined that all members of our Audit/Finance Committee are independent under Rule 10A-3 of the Exchange Act.

Committees of the Board

We have four committees to assist the Board in fulfilling its responsibilities: Corporate Governance, Audit/Finance, Value Enhancement, and Compensation. Each of the four 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 2016, with the exception of the Value Enhancement Committee, all of the committee charters were amended, as described below, and the current charters are available on our website, www.itron.com, by selecting Investors and then Corporate Governance .

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The following table shows the current membership of each committee at the end of fiscal 2016:

Director	Compensation Committee	Corporate Governance Committee	Audit/Finance Committee	Value Enhancement Committee
Kirby Dyess	X			
Jon Eliassen		X		X
Charles Gaylord		X	X	
Thomas Glanville			<i>Chair</i>	
Frank Jaehnert	X	<i>Chair</i>		
Jerome Lande			X	X
Timothy Leyden		X	X	<i>Chair</i>
Peter Mainz	X			X
Daniel Pelino	X			
Gary Pruitt			X	X
Diana Tremblay	<i>Chair</i>			X
Lynda Ziegler		X		

Our sole employee director, Philip Mezey, does not sit on any committees.

Corporate Governance Committee. The Corporate Governance Committee (CGC) is responsible for developing and implementing our Governance Principles, evaluating the performance of our Chairman of the Board 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, and 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 CGC 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 CGC's charter in December 2016 to change a quorum from any two members to a majority of members and to clarify language regarding the committee's role with respect to Board and committee composition. All of the members of the CGC are independent under SEC rules and NASDAQ listing standards. The CGC held eleven meetings during 2016.

Audit/Finance Committee. The Audit/Finance Committee (AFC) monitors our borrowings and capital structure, accounting policies, internal controls over financial reporting, and financial results, and reviews 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. In addition, the AFC determines the compensation of our independent auditors, and makes recommendations to the Board to retain or terminate our independent auditors. 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 Board amended the AFC's charter in 2016 generally to clarify and expand language related to its purpose with respect to risk assessment and analysis over the Company's financial reporting and internal control systems, including (i) updating references to current auditing standards and cybersecurity issues, (ii) clarifying the AFC's role in litigation and other legal matters and certain ethics and compliance matters, and (iii) changing a quorum from any two members

to a majority of members. The Corporate Governance Committee has determined that all of the current members of the Audit/Finance Committee are financially literate in accordance with the Standards of NASDAQ Rule 5605(c)(2)(A)(iv), and that certain of the members (Messrs. Glanville, Pruitt, Lande, and Leyden) are also audit committee financial experts as defined in Item 407(d)(5) of Regulation S-K. The AFC held sixteen meetings during 2016.

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Compensation Committee. The Compensation Committee (CC) is responsible for making recommendations to the Board for our CEO's total annual and long-term incentive compensation, and for setting compensation levels for our other executive officers. The CC also oversees the administration of various incentive compensation and benefit plans, which includes an annual evaluation of our compensation plans and policies.

The Board amended the CC's charter in December 2016 to change a quorum from any two members to a majority of members.

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. The CC held ten meetings during 2016. See *EXECUTIVE COMPENSATION* CD&A in this proxy statement for more information on the CC's responsibilities regarding the compensation of our executives.

Value Enhancement Committee. The Value Enhancement Committee (VEC) reviews, studies and develops potential initiatives and transactions designed to create durable, sustainable long-term shareholder value. The VEC is charged with making recommendations to the Board regarding actions to be considered in furtherance of the committee's purpose. The Board has determined that all members of the VEC are independent under SEC rules and NASDAQ listing standards. The VEC held ten meetings in 2016.

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 2016. In order to determine this, the Board requires our executive officers, directors or 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 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 routinely determines, directly or through Board committees, that: (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

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

The Audit/Finance Committee is responsible for reviewing our major financial risk exposures, financial reporting, internal controls, credit and liquidity risk, compliance risk, and key operational risks. It meets regularly with our independent auditors and in executive session to facilitate a full and candid discussion of risk and other issues. Our Compensation Committee is 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. The Compensation Committee reviews a summary and assessment of such risks annually and in connection with discussions of various compensation elements and benefits throughout the year. Our Corporate Governance Committee oversees risks related to our overall corporate governance, including Board and committee composition, Board size and structure, and our director independence. The Corporate Governance Committee is also involved with succession planning for the Board and management, and its charter requires it to annually review our Governance Principles.

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, including the CEO and Chief Financial Officer (CFO), 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.

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.

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

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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 Corporate Governance Committee. The 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 Corporate Governance Committee screens and evaluates the person recommended in the same manner as other candidates. In addition, the Corporate Governance Committee determines if the proposed director nominee will have sufficient time available to carry out his or her Board duties and responsibilities effectively. The 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 2018 annual shareholders meeting should follow the procedures specified under *SHAREHOLDER PROPOSALS FOR THE 2018 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**EXECUTIVE COMPENSATION****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 2016.

Name	Title
Philip C. Mezey	President and Chief Executive Officer (CEO)
Thomas L. Deitrich	Executive Vice President and Chief Operating Officer (COO)
W. Mark Schmitz	Executive Vice President and Chief Financial Officer (CFO)
Michel C. Cadieux	Senior Vice President, Human Resources
Shannon M. Votava	Senior Vice President, General Counsel and Corporate Secretary

Executive Summary**Business Performance**

In 2016, we achieved significant improvement in our business performance resulting from successful execution of our Company objectives for improved predictability, profitability and growth. We exceeded Company targets for annual revenue, adjusted EBITDA¹ and non-GAAP earnings per diluted share² (EPS) all of which are strongly embedded in our executive compensation program:

Total Company consolidated revenue of \$2.0 billion grew by 7% over 2015;

Total Company Adjusted EBITDA of \$208.6 million increased by 91% percent over 2015; and

Non-GAAP EPS of \$2.54 increased significantly from \$0.73 in 2015.

In addition to achieving these financial milestones in 2016, our executive leadership team remained focused on the Company's strategic vision to be a leading partner with utilities in the resourceful delivery and use of energy and water. The Company took additional steps to restructure operations for more efficiency, flexibility and lower costs, and to rebalance our product portfolio and investments in favor of new technologies for smart grids and smart cities. These initiatives demonstrate our executive leadership's balanced approach to driving long-term growth in addition to near-term financial improvements.

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 strong performance, and consistent with the design of our program, the Compensation Committee made the following executive compensation decisions for fiscal 2016:

None of the NEOs received salary adjustments in 2016, with the exception of Ms. Votava, who received an increase in recognition of her promotion to Senior Vice President in February 2016. See *Base Salary* in this CD&A for details.

- 1 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.
- 2 A schedule reconciling Adjusted EBITDA to net income and non-GAAP EPS to net income is available on page 39 of our 2016 Annual Report on Form 10-K.

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EMIP: 2016 financial and strategic objectives resulted in an overall attainment percentage of 129.25%. This overall attainment result is a combination of achievement of specific total Company consolidated revenue and Adjusted EBITDA goals, and strategic objectives. 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 grant in the form of performance-based restricted stock units (PRsUs). Consistent with the terms of the LTIP, the NEOs earned 107.24% of their target PRsUs for the 2014-2016 performance cycle. This attainment is the combination of an average EPS target attainment of 87.47% and a Total Shareholder Return (TSR) multiplier of 122.6%. 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 strong business performance in 2016. 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.

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, time-vested restricted stock units (RSUs) and performance-based restricted stock units (PRsUs) granted in each fiscal year.

Realizable pay represents:

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

