

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**February 14, 2008**

Date of Report (Date of Earliest Event Reported)

**ITRON, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Washington**

(State or Other Jurisdiction  
of Incorporation)

**000-22418**

(Commission File No.)

**91-1011792**

(IRS Employer  
Identification No.)

**2111 N. Molter Road, Liberty Lake, WA 99019**

(Address of Principal Executive Offices, Zip Code)

**(509) 924-9900**

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On February 14, 2008, the Compensation Committee of the Board of Directors of Itron, Inc. (the Company) approved the following agreements:

- o The Revised Long-Term Performance Plan (LTPP) for senior management and key executive officers to conform the Plan to comply with Section 409A of the Internal Revenue Code. Exhibit 10.1 is incorporated herein by reference.
- o The Form of Restricted Stock Unit Award Notice and Agreement for use in connection with the Company's LTPP and issued under the Company's Amended and Restated 2000 Stock Incentive Plan. Exhibit 10.2 is incorporated herein by reference.
- o The Form of Non-Qualified Stock Option Grant Notice and Agreement for use in connection with the Company's Amended and Restated 2000 Stock Incentive Plan. Exhibit 10.3 is incorporated herein by reference.
- o The Form of Incentive Stock Option Grant Notice and Agreement for use in connection with the Company's Amended and Restated 2000 Stock Incentive Plan. Exhibit 10.4 is incorporated herein by reference.

The following awards were made under the LTPP to executive officers of the Company on February 14, 2008.

<u>Name</u>	<u>Position</u>	<u>Restricted Stock Units</u>
LeRoy D. Nosbaum	Chief Executive Officer and Chairman of the Board	4,216
Steven M. Helmbrecht	Sr. Vice President and Chief Financial Officer	1,459
John W. Holleran	Sr. Vice President, General Counsel and Corporate Secretary	1,459
Philip C. Mezey	Sr. Vice President and Chief Operating Officer, Itron North America	2,235
Malcolm Unsworth	Sr. Vice President and Chief Operating Officer, Actaris	3,136
Jared P. Serff	Vice President, Competitive Resources	666

Other terms of the awards are as described in the LTPP and the related Form of Notice of Restricted Stock Unit Award, which are filed herewith as described above.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Amended Long-Term Performance Plan dated February 14, 2008 between Itron, Inc. and certain of its executive officers.
10.2	Form of Notice of Restricted Stock Unit Award for the Amended Long-Term Performance Plan.
10.3	Form of Non-Qualified Stock Option Grant Notice and Agreement for the Amended and Restated 2000 Stock Incentive Plan.
10.4	Form of Incentive Stock Option Grant Notice and Agreement for the Amended and Restated 2000 Stock Incentive Plan.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

I N C .

I T R O N ,

Dated: February 20, 2008

By: /s/ Steven M. Helmbrecht  
Steven M. Helmbrecht  
Sr. Vice President and Chief Financial Officer

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
<a href="#"><u>10.1</u></a>	- <a href="#"><u>Amended Long-Term Performance Plan dated February 14, 2008 between Itron, Inc. and certain of its executive officers.</u></a>
<a href="#"><u>10.2</u></a>	- <a href="#"><u>Form of Notice of Restricted Stock Unit Award for the Amended Long-Term Performance Plan.</u></a>
<a href="#"><u>10.3</u></a>	- <a href="#"><u>Form of Non-Qualified Stock Option Grant Notice and Agreement for the Amended and Restated 2000 Stock Incentive Plan.</u></a>
<a href="#"><u>10.4</u></a>	- <a href="#"><u>Form of Incentive Stock Option Grant Notice and Agreement for the Amended and Restated 2000 Stock Incentive Plan.</u></a>

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# **Itron, Inc.**

## **Long-Term Performance Plan Specifications and Guidelines**

**Amended by the Compensation Committee of the Board of Directors on February 16, 2005, August 1, 2005, February 15, 2006, February 22, 2007, February 14, 2008**

**This document constitutes part of a prospectus for securities that have been registered under the Securities Exchange Act of 1933, as amended, and supplements a Plan Summary dated May 9, 2006 for the Itron, Inc. Amended and Restated 2000 Stock Incentive Plan.**

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## **Purpose**

Long-term incentives serve to align, motivate and reward executives for their contributions to the long-term financial success and growth of Itron, Inc. ("Itron" or the "Company"). The objectives for the Long-Term Performance Plan (or "LTTP") are to:

- Provide a greater long-term orientation and competitiveness to total compensation for Itron executives, by establishing a performance-based component, paid out in restricted stock unit awards for shares of Itron common stock ("RSUs");
- Align individual executive rewards with shareholder value over a long-term period, based on the achievement of predetermined annual objectives whose achievement will be rewarded with RSUs to be vested after a three-year waiting period; and
- Enable Itron to meet competitive total compensation needs in attracting and retaining critical executive talent.

## **Overview**

The Long-Term Performance Plan provides performance share awards that are contingent on the attainment of annual performance goals. The length of each performance period will be one year, unless the Compensation Committee of the Board of Directors provides otherwise. At the beginning of the performance period, goals are established which are designed to measure the degree of business success over the timeframe. The Compensation Committee reviews and approves goals that are recommended by management. At the end of the period, performance against the goals is assessed and payouts are determined.

Business results for Itron will be measured over the performance period. Payouts will be in RSUs granted under the Company's Amended and Restated 2000 Stock Incentive Plan ("Plan") and, unless the Compensation Committee determines otherwise in its sole discretion with respect to an award granted to a particular participant, awards will vest at the end of a three-year period. This vesting period will both serve as an executive retention tool and tie executive performance to shareholder value.

## **Eligibility**

Eligibility for the plan will include senior management and key executives who impact organization-wide results. Actual participation will be based on recommendation by the Chief Executive Officer and approval by the Compensation Committee. Current plan participants are recapped in the attached Appendix I. Other executives may be eligible for future awards, upon recommendation of the Chief Executive Officer and approval by the Compensation Committee. The tier structure set forth on Appendix I and Appendix II may be changed at the recommendation of the Chief Executive Officer and the approval of the Compensation Committee of the Board of Directors.

Participation in the Long-Term Performance Plan for a given period will not be construed to confer a right to participate in the plan in any subsequent period, or the right to continue in the Company's employment.

## **Award Opportunities**

Award opportunities, denominated in units of Itron common stock, will be established for each executive at the beginning of the performance period. Target awards ("LTTP Target Awards") will be calculated as a percentage of base salary that is in existence at the beginning of the performance period, with the resulting dollar amount converted to a rounded number of units of Itron common stock based on the fair market value (closing price) of Itron's common stock on the first business day of the performance period. In addition, threshold and maximum award levels will be established as a percent of the LTTP Target Award. The number of RSUs to be awarded will increase or decrease as performances goes beyond or falls short of the performance objectives for that performance period.

Annually, Itron establishes a budget for the coming year. Goals, financial and otherwise, as established in the budget do not necessarily reflect the same goals that will be used for the LTTP.

## **Performance Measurement**

At the beginning of each performance period, the Chief Executive Officer will recommend and communicate the specific range of performance objectives for the Company to the Compensation Committee. The goals and the key performance factors will be reviewed and approved by the Compensation Committee.



### *Performance Measures*

Performance objectives will be set on the basis of corporate plans for the following performance period, condition of the utility industry and competitive performance in the market place. In the process of determining appropriate LTPP goals, consideration will be given to proposed acquisitions, financing and other major issues that could have material impact on the financial performance of the Company. Typical performance measures may include but are not limited to: Revenue Growth, Earnings Growth, Cash Flow, Return on Capital Employed, Net Operating Profit after Tax, Normalized Earnings per Share or a combination of measures.

### *Performance Weighting*

Corporate performance will determine 100% of the award for some plan participants. Performance for other organization levels, i.e. business segment, product group, etc., may also be included.

### *Performance/Payout Relationship*

A range of performance levels -- including threshold, target, and maximum -- and associated payouts will be established at the beginning of the performance period. As well, in any performance period performance hurdles could be established. At the end of each performance period, Itron's actual performance against the goals established for that performance period will be assessed and the resulting payouts determined.

Performance and payout opportunity will be expressed as a percentage of the LTPP Target Award. For example, achieving 100% of the performance goals may result in participants receiving 100% of the LTPP Target Award.

Payouts will be linearly interpolated for performance achievement between the indicated levels. The Compensation Committee may use discretion to set threshold levels and determine final award payouts.

### *Non-GAAP Results*

In calculating performance attainment, non-GAAP results will generally be used. Non-GAAP results, as defined, will be GAAP numbers adjusted for IPR&D, amortization of intangibles, amortization of debt placement fees, restructuring charges and other extraordinary events subject to approval by the Compensation Committee of the Board. Adjustments to GAAP for the purpose of non-GAAP results will be discussed with the Compensation Committee at the time of the event and confirmed by the Compensation Committee at its next scheduled meeting.

## **Payouts**

Final payouts will be announced as soon after the end of the performance period as practical, and be in the form of RSUs with a three-year cliff vesting period. An RSU provides the right to receive one share of Itron common stock (at a specified future date), subject to vesting restrictions. Unless otherwise provided herein, as RSUs vest, participants receive stock certificates evidencing their ownership of shares.

## **New Participants**

An employee hired into an eligible position during a performance period may begin participation in the subsequent performance period or, at the recommendation of the Chief Executive Officer and approval by the Compensation Committee, in the ongoing performance period. New participants permitted to join an ongoing performance period will be eligible to receive a prorated payout based on the number of full months worked during the performance period (rounded to the nearest whole number of RSUs). New participants in the plan will be nominated by the Chief Executive Officer and approved by the Compensation Committee.

## **Changes in Employment**

Participants who terminate employment during a performance period for any reason, including termination for Cause (as defined in the Plan), voluntary termination, discharge by the Company, death, disability, or retirement will forfeit their award payment for that performance period.

Participants who, during a vesting period for RSUs issued in connection with a prior performance period, terminate employment for any reason, except termination for Cause, will vest in a pro-rata portion of their RSUs based on the number of full months worked during the vesting period for the RSUs (rounded to down to the nearest whole number of RSUs); provided that the termination of employment must constitute a "separation from service" under Section 409A of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations thereunder ("Section 409A"); and provided further that, the RSUs will not be settled in shares of Itron common stock until date that is six months after such separation from service. In the event a participant's termination of employment does not constitute a "separation from service" under Section 409A, then the participant will still vest in a pro-rata portion of his or her RSUs based on the number of full months worked during the vesting period for the RSUs (rounded down to the nearest whole number of RSUs), but the RSUs will not be settled in shares of Itron common stock until the date that the RSUs would otherwise have vested (i.e., three years from the date of grant). Participants who are terminated for Cause will forfeit their entire unvested award payment(s).

## **Change in Control**

All outstanding awards will be accelerated and paid out at maximum levels immediately prior to a change in control of the Company and payout will be in the form of fully vested shares of Itron common stock. In addition, any outstanding unvested RSUs issued in connection with a prior performance period will accelerate in full immediately prior to a change in control of the Company. "Change in control" for this purpose means a transaction that meets the definition of (a) a Corporate Transaction (other than a Related Party Transaction) as defined in the Plan or (b) a Change in Control as defined in the Company's standard change in control agreements in effect at the time; but in any event, the transaction must constitute a change in control event within the meaning of Section 409A.

## **Tax Consequences**

Participants will not be deemed to receive income at the time an award is granted. Likewise, participants will not be deemed to receive income at the time an award is paid in RSUs. However, participants will generally recognize taxable ordinary income when unrestricted shares are received upon vesting of the RSUs (or upon distribution if the RSUs have been deferred), in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for the shares.

The Company may be entitled to a deduction at the same time and in the same amount as a participant recognizes ordinary income, subject to certain limitations on deductions for compensation under Section 162(m) of the Code.

This is only a brief summary of the U.S. federal income tax laws and regulations that apply to an award under the plan. Participants should not rely on this summary for a complete statement of such laws and regulations. The tax laws and regulations are complex and are subject to legislative changes. In addition, circumstances peculiar to certain individuals may change the usual income tax results. **FOR THESE REASONS, PARTICIPANTS SHOULD CONSULT A TAX ADVISOR TO DETERMINE THE INCOME TAX CONSEQUENCES OF AN AWARD UNDER THE PLAN.**

## **Governance**

Senior management and the Compensation Committee will be responsible for the administration and governance of the plan. The decisions of the Committee shall be conclusive and binding on all participants.

## **Amendment, Modification, or Termination of the Plan**

Itron, by action of its Board of Directors and/or Compensation Committee, reserves the right to amend, modify, or terminate the plan at any time.



*Form for LTPP*

**ITRON, INC.**  
**RESTRICTED STOCK UNIT AWARD NOTICE**  
**AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN**

Itron, Inc. (the "**Company**") hereby grants to Participant a Restricted Stock Unit Award (the "**Award**"). The Award is subject to all the terms and conditions set forth in this Restricted Stock Unit Award Notice (the "**Award Notice**"), the Restricted Stock Unit Award Agreement, the Itron, Inc. Amended and Restated 2000 Stock Incentive Plan (the "**Plan**") and the Itron, Inc. Long-Term Performance Plan (the "**LTPP**"), which are incorporated into the Award Notice in their entirety.

**Participant:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_, 200\_

**Vesting Commencement Date:** \_\_\_\_\_, 200\_

**Number of Restricted Stock Units:** \_\_\_\_\_

**Vesting Schedule:** The Award will vest in full on the third anniversary of the Grant Date.

**Additional Terms/Acknowledgement:** The undersigned Participant acknowledges receipt of, and understands and agrees to, the Award Notice, the Restricted Stock Unit Award Agreement, the LTPP and the Plan Summary for the Plan. Participant further acknowledges that as of the Grant Date, the Award Notice, the Restricted Stock Unit Award Agreement, the LTPP and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersede all prior oral and written agreements on the subject.

ITRON, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

PARTICIPANT

[Name] \_\_\_\_\_

Taxpayer ID: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**Attachments:**

1. Restricted Stock Unit Award Agreement
2. Plan Summary for the Amended and Restated 2000 Stock Incentive Plan
3. Long-Term Performance Plan

**ITRON, INC.**  
**AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN**

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

Pursuant to your Restricted Stock Unit Award Notice (the "**Award Notice**"), this Restricted Stock Unit Award Agreement (this "**Agreement**") and the Itron, Inc. Long-Term Performance Plan, Itron, Inc. (the "**Company**") has granted you a Restricted Stock Unit Award (the "**Award**") under its Amended and Restated 2000 Stock Incentive Plan (the "**Plan**") for the number of Restricted Stock Units indicated in your Award Notice. Capitalized terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of the Award are as follows:

**1. Vesting**

The Award will vest according to the vesting schedule set forth in the Award Notice (the "**Vesting Schedule**"). One share of the Company's Common Stock will be issuable for each Restricted Stock Unit that vests. Restricted Stock Units that have vested and are no longer subject to forfeiture according to the Vesting Schedule are referred to herein as "**Vested Units**." Restricted Stock Units that have not vested and remain subject to forfeiture under the Vesting Schedule are referred to herein as "**Unvested Units**." The Unvested Units will vest (and to the extent so vested cease to be Unvested Units remaining subject to forfeiture) in accordance with the Vesting Schedule (the Unvested and Vested Units are collectively referred to herein as the "**Units**"). Unless otherwise provided in this Agreement, as soon as practicable after Unvested Units become Vested Units, the Company will settle the Vested Units by issuing to you one share of the Company's Common Stock for each Vested Unit. The Award will terminate and the Unvested Units will be subject to forfeiture upon your termination of employment as set forth in Section 2.

**2. Termination of Employment; Corporate Transaction**

**2.1 Termination of Employment**

Except as provided in Section 2.2 below, if your employment terminates during the Units' vesting period for any reason other than Cause, the Unvested Units will vest pro-rata, based on the number of full months of employment with the Company during the vesting period (rounded to down to the nearest whole number); provided, however, that your termination of employment must constitute a "separation from service" under Section 409A of the Code and the regulations thereunder ("**Section 409A**"); and, provided further, that the Units that become Vested Units as a result of such pro-rata vesting will not be settled in shares of Common Stock until the date that is six months after such separation from service. In the event that your termination of employment does not satisfy the definition of "separation from service" under Section 409A, then Unvested Units will still vest pro-rata, based on the number of full months of employment with the Company during the vesting period (rounded to down to the nearest whole number), but the Units that become Vested Units as a result of such pro-rata vesting will not be settled in shares of Common Stock until the date they would otherwise have vested (i.e., three years from the date of grant). If your employment terminates for Cause, any Unvested Units will be forfeited to the Company.

**2.2 Corporate Transaction**

In the event of (a) a Corporate Transaction (other than a Related Party Transaction) or (b) a Change in Control as defined in the Company's standard change in control agreements in effect at that time, in either case, provided that the transaction also constitutes a change in control event within the meaning of Section 409A, any Unvested Units will accelerate in vesting and become Vested Units immediately prior to such transaction.

**3. Securities Law Compliance**

**3.1** You represent and warrant that you (a) have been furnished with a copy of the prospectus for the Plan and all information which you deem necessary to evaluate the merits and risks of receipt of the Award, (b) have had the opportunity to ask questions and receive answers concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any additional information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

**3.2** You hereby agree that you will in no event sell or distribute all or any part of the shares of the Company's Common Stock that you receive pursuant to settlement of this Award (the "**Shares**") unless (a) there is an effective registration statement under the Securities Act of 1933, as amended (the "**Securities Act**") and applicable state securities laws covering any such transaction involving the Shares or (b) the Company receives an opinion of your legal counsel (concurring in by legal counsel for the Company) stating that such transaction is exempt from registration or the Company otherwise satisfies itself that such transaction is exempt from registration. You understand that the Company has no obligation to you to register the Shares with the Securities and Exchange Commission and has not represented to you that it will so register the Shares.

**3.3** You confirm that you have been advised, prior to your receipt of the Shares, that neither the offering of the Shares nor any offering materials have been reviewed by any administrator under the Securities Act or any other applicable securities act (the "**Acts**") and that the Shares cannot be resold unless they are registered under the Acts or unless an exemption from such registration is available.

**3.4** You hereby agree to indemnify the Company and hold it harmless from and against any loss, claim or liability, including attorneys' fees or legal expenses, incurred by the Company as a result of any breach by you of, or any inaccuracy in, any representation, warranty or statement made by you in this Agreement or the breach by you of any terms or conditions of this Agreement.

#### 4. Transfer Restrictions

Units shall not be sold, transferred, assigned, encumbered, pledged or otherwise disposed of, whether voluntarily or by operation of law.

#### 5. No Rights as Shareholder

You shall not have voting or other rights as a shareholder of the Company with respect to the Units.

#### 6. Independent Tax Advice

You acknowledge that determining the actual tax consequences to you of receiving or disposing of the Units and Shares may be complicated. These tax consequences will depend, in part, on your specific situation and may also depend on the resolution of currently uncertain tax law and other variables not within the control of the Company. You are aware that you should consult a competent and independent tax advisor for a full understanding of the specific tax consequences to you of receiving the Units and receiving or disposing of the Shares. Prior to executing this Agreement, you either have consulted with a competent tax advisor independent of the Company to obtain tax advice concerning the receipt of the Units and the receipt or disposition of the Shares in light of your specific situation or you have had the opportunity to consult with such a tax advisor but chose not to do so.

#### 7. Book Entry Registration of Shares

The Company will issue the Shares by registering the Shares in book entry form with the Company's transfer agent in your name and the applicable restrictions will be noted in the records of the Company's transfer agent and in the book entry system.

#### 8. Withholding

**8.1** You are ultimately responsible for all taxes owned in connection with this Award (e.g., at vesting and/or upon receipt of the Shares), including any domestic or foreign tax withholding obligation required by law, whether national, federal, state or local, including FICA or any other social tax obligation (the "**Tax Withholding Obligation**"), regardless of any action the Company or any Related Corporations take with respect to any such Tax Withholding Obligation that arises in connection with this Award. The Company may refuse to issue any Shares to you until you satisfy the Tax Withholding Obligation.

**8.2** Notwithstanding the foregoing, by accepting this agreement and in order to satisfy your obligations set forth in this Section 8, you understand and agree that you may be required to enter into a trading plan (which would comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act) with a brokerage firm acceptable to the Company for such purpose (the "**Agent**"), and to authorize the Agent to:

- (a) sell on the open market at the then prevailing market price(s), on your behalf, on or as soon as practicable after the vesting date for any Unvested Units, the number of Shares (rounded up to the next whole number) issuable to you upon settlement of Vested Units sufficient to generate proceeds to cover the withholding taxes that you are required to pay pursuant to this Section 8 and all applicable fees and commissions due to, or required to be collected by, the Agent; and
- (b) remit any remaining funds to you.

**8.3** Notwithstanding the foregoing, to the maximum extent permitted by law, the Company has the right to retain without notice from Shares issuable under the Award or from salary or other amounts payable to you, Shares or cash having a value sufficient to satisfy the Tax Withholding Obligation.

#### 9. General Provisions

**9.1 Notices.** Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by mail. Any notice required or permitted to be delivered hereunder will be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third business day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address that such person has theretofore specified by written notice delivered in accordance herewith. You or the Company may change, by written notice to the other, the address previously specified for receiving notices. Notices delivered to the Company should be addressed as follows:

Company: Itron, Inc.  
Attn: General Counsel  
2111 N. Molter Road  
Liberty Lake, Washington 99019

**9.2 Assignment.** The Company may assign its rights under this Agreement at any time, whether or not such rights are then exercisable, to any person or entity selected by the Company's Board of Directors.

**9.3 No Waiver.** No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

**9.4 Undertaking.** You hereby agree to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either you or the Units pursuant to the express provisions of this Agreement.

**9.5 Agreement Is Entire Contract.** This Agreement, the Award Notice, the Plan and the LTPP constitute the entire contract between the parties hereto with regard to the subject matter hereof and supersede all prior oral or written agreements on the subject. This Agreement is made pursuant to the provisions of the Plan and the LTPP and will in all respects be construed in conformity with the express terms and provisions of the Plan and the LTPP.

**9.6 Successors and Assigns.** The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and you and your legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

**9.7 No Employment or Service Contract.** Nothing in this Agreement will affect in any manner whatsoever the right or power of the Company, or Related Corporations, to terminate your employment or services on behalf of the Company, for any reason, with or without Cause.

**9.8 Section 409A Compliance.** Notwithstanding any provision in the Plan or this Agreement to the contrary, the Plan Administrator may, at any time and without your consent, modify the terms of the Award as it determines appropriate to avoid the imposition of interest or penalties under Section 409A.

**9.9 Counterparts.** This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but which, upon execution, will constitute one and the same instrument.

**9.10 Governing Law.** This Agreement will be construed and administered in accordance with and governed by the laws of the State of Washington without giving effect to principles of conflicts of law.

**NOTE: Sections 9.11 and 9.12 below are for awards to foreign employees only. These provisions, along with the rest of this agreement, should be reviewed by local counsel for each country in which you are making grants.**

**9.11 Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation.** By entering into this Agreement and accepting the grant of the Award evidenced hereby, you acknowledge that: (a) the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time; (b) the grant of the Award is a one-time benefit which does not create any contractual or other right to receive future awards, or benefits in lieu of awards; (c) all determinations with respect to any such future awards, including, but not limited to, the times when awards will be granted, the number of shares subject to each award, the price of the award, if any, the time or times when each award will vest and/or become exercisable, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Award is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (f) the Award is not part of normal or expected compensation for purposes of calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and you will have no entitlement to compensation or damages as a consequence of your forfeiture of any unvested portion of the Award as a result of your termination of employment for any reason; (g) the vesting of the Award ceases upon your termination of employment for any reason except as may otherwise be explicitly provided in the Plan or this Agreement or otherwise permitted by the Plan Administrator; (h) the future value of the Shares underlying the Award is unknown and cannot be predicted with certainty; and (i) in the event that you are not a direct employee of the Company, the grant of the Award will not be interpreted to form an employment or other relationship with the Company.

**9.12 Employee Data Privacy.** By entering into this Agreement and accepting the Award, you (a) explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of any of your personal data that is necessary to facilitate the implementation, administration and management of the Award and the Plan; (b) understand that the Company and your employer may, for the purpose of implementing, administering and managing the Plan, hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title and details of all awards or entitlement to the Common Stock granted to you under the Plan or otherwise ("**Data**"); (c) understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, including any broker with whom the Shares issued upon vesting/settlement of the Award may be deposited, and that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country; (d) waive any data privacy rights you may have with respect to the Data; and (e) authorize the Company, its Related Corporations and its agents to store and transmit such information in electronic form.





[Notice for use with Directors]

**AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN**

**NON-QUALIFIED STOCK OPTION GRANT NOTICE**

Itron, Inc. (the "Company") hereby grants to Participant an Option (the "Option") to purchase shares of the Company's Common Stock. The Option is subject to all the terms and conditions set forth in this Stock Option Grant Notice (this "Grant Notice") and in the Stock Option Agreement and the Company's Amended and Restated 2000 Stock Incentive Plan (the "Plan"), which are attached to and incorporated into this Grant Notice in their entirety.

**Participant:**

**Grant Date:**

**Vesting Base Date:**

**Number of Shares Subject to Option:**

**Exercise Price (per Share):**

**Option Expiration Date:**

*(subject to earlier termination in accordance with the terms of the Plan and the Stock Option Agreement)*

**Type of Option:**

**Nonqualified Stock Option**

**Vesting and Exercisability Schedule:**

**Additional Terms/Acknowledgement:** The undersigned Participant acknowledges receipt of, and understands and agrees to, this Grant Notice, the Stock Option Agreement, the Plan and the Plan Summary. Participant further acknowledges that as of the Grant Date, this Grant Notice, the Stock Option Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Option and supersede all prior oral and written agreements on the subject.

ITRON, INC.

PARTICIPANT

/s/ LeRoy D. Nosbaum

Chairman and Chief Executive Officer

\_\_\_\_\_  
[PARTICIPANT NAME]

**Attachments:**

- 1. Stock Option Agreement
- 2. 2000 Stock Incentive Plan
- 3. Plan Summary
- 4. NED Stock Option Grant Program

Date:

Address:

Taxpayer ID:

[Notice for use with Employees]

**AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN**

**NON-QUALIFIED STOCK OPTION GRANT NOTICE**

Itron, Inc. (the "Company") hereby grants to Participant an Option (the "Option") to purchase shares of the Company's Common Stock. The Option is subject to all the terms and conditions set forth in this Stock Option Grant Notice (this "Grant Notice") and in the Stock Option Agreement and the Company's Amended and Restated 2000 Stock Incentive Plan (the "Plan"), which are attached to and incorporated into this Grant Notice in their entirety.

**Participant:**

**Grant Date:**

**Vesting Base Date:**

**Number of Shares Subject to Option:**

**Exercise Price (per Share):**

**Option Expiration Date:**

*(subject to earlier termination in accordance with the terms of the Plan and the Stock Option Agreement)*

**Type of Option:**

**Nonqualified Stock Option**

**Vesting and Exercisability Schedule:**

**Additional Terms/Acknowledgement:** The undersigned Participant acknowledges receipt of, and understands and agrees to, this Grant Notice, the Stock Option Agreement, the Plan and the Plan Summary. Participant further acknowledges that as of the Grant Date, this Grant Notice, the Stock Option Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Option and supersede all prior oral and written agreements on the subject.

ITRON, INC.

PARTICIPANT

[s/ LeRoy D. Nosbaum

Chairman and Chief Executive Officer

\_\_\_\_\_  
[PARTICIPANT NAME]

**Attachments:**

1. Stock Option Agreement
2. 2000 Stock Incentive Plan
3. Plan Summary

Date:

Address:

Taxpayer ID:

AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

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Pursuant to your Stock Option Grant Notice (the "Grant Notice") and this Stock Option Agreement, Itron, Inc. has granted you an Option under its Amended and Restated 2000 Stock Incentive Plan (the "Plan") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice (the "Shares") at the exercise price indicated in your Grant Notice. Capitalized terms not expressly defined in this Stock Option Agreement or the Grant Notice have the same definitions as in the Plan.

The details of the Option are as follows:

1. **Vesting and Exercisability.** Subject to the limitations contained herein, the Option will vest and become exercisable as provided in your Grant Notice, provided that vesting will cease upon termination of your employment or service relationship with the Company or a Related Corporation and the unvested portion of the Option will terminate.

2. **Securities Law Compliance.** At the present time, the Company has an effective registration statement with respect to the Shares. The Company intends to maintain this registration but has no obligation to do so. In the event that such registration ceases to be effective, you will not be able to exercise the Option unless exemptions from registration under federal and state securities laws are available, which exemptions from registration are very limited and might be unavailable. The exercise of the Option must also comply with other applicable laws and regulations governing the Option, and you may not exercise the Option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

3. **Method of Exercise.** You may exercise the Option by giving written notice to the Company, in form and substance satisfactory to the Company, which will state your election to exercise the Option and the number of Shares for which you are exercising the Option. The written notice must be accompanied by full payment of the exercise price for the number of Shares you are purchasing. You may make this payment in any combination of the following: (a) by cash; (b) by check acceptable to the Company; (c) unless the Plan Administrator determines otherwise, by using shares of Common Stock you have owned for at least six months; (d) if the Common Stock is registered under the Exchange Act and to the extent permitted by law, by instructing a broker to deliver to the Company the total payment required all in accordance with the regulations of the Federal Reserve Board; or (e) by any other method permitted by the Plan Administrator.

4. **Treatment Upon Termination of Employment or Service Relationship.** The unvested portion of the Option will terminate automatically and without further notice immediately upon termination of your employment or service relationship with the Company or a Related Corporation for any reason ("Termination of Service"). For purposes of this Stock Option Agreement, "Retirement" means retirement on or after the earlier of (i) age 65 or (ii) age 55 plus ten years of employment or service with the Company or a Related Corporation. You may exercise the vested portion of the Option as follows:

(a) *General Rule.* You must exercise the vested portion of the Option on or before the earlier of (i) three months after your Termination of Service and (ii) the Option Expiration Date;

(b) *Retirement.* If your employment or service relationship terminates due to Retirement, you must exercise the vested portion of the Option on or before the earlier of (i) three years after your Termination of Service and (ii) the Option Expiration Date;

(c) *Disability.* If your employment or service relationship terminates due to Disability, you must exercise the vested portion of the Option on or before the earlier of (i) one year after your Termination of Service and (ii) the Option Expiration Date;

(d) *Death.* If your employment or service relationship terminates due to your death, the vested portion of the Option must be exercised on or before the earlier of (i) one year after your Termination of Service and (ii) the Option Expiration Date. If you die after your Termination of Service but while the Option is still exercisable, the vested portion of the Option may be exercised until the earlier of (x) one year after the date of death and (y) the Option Expiration Date; and

(e) *Cause.* The vested portion of the Option will automatically expire at the time the Company first notifies you of your Termination of Service for Cause, unless the Plan Administrator determines otherwise. If your employment or service relationship is suspended pending an investigation of whether you will be terminated for Cause, all your rights under the Option likewise will be suspended during the period of investigation. If any facts that would constitute termination for Cause are discovered after your Termination of Service, any Option you then hold may be immediately terminated by the Plan Administrator.

**It is your responsibility to be aware of the date the Option terminates.**

5. **Limited Transferability.** During your lifetime only you can exercise the Option. The Option is not transferable except by will or by the applicable laws of descent and distribution, except to the extent permitted by the Plan Administrator. The Plan provides for exercise of the Option by a beneficiary designated on a Company-approved form or the personal representative of your estate.

6. **Withholding Taxes.** As a condition to the exercise of any portion of the Option, you must make such arrangements as the Company may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise.

7. **Option Not an Employment or Service Contract.** Nothing in the Plan or any Award granted under the Plan will be deemed to constitute an employment contract or confer or be deemed to confer any right for you to continue in the employ of, or to continue any other relationship with, the Company or any Related Corporation or limit in any way the right of the Company or any Related Corporation to terminate your employment or other relationship at any time, with or without Cause.

8. **No Right to Damages.** You will have no right to bring a claim or to receive damages if you are required to exercise the vested portion of the Option within three months (three years in the case of Retirement, and one year in the case of Disability or death) of your Termination of Service or if any portion of the Option is cancelled or expires unexercised. The loss of existing or potential profit in Awards will not constitute an element of damages in the event of your Termination of Service for any reason even if the termination is in violation of an obligation of the Company or a Related Corporation to you.

9. **Binding Effect.** This Stock Option Agreement will inure to the benefit of the successors and assigns of the Company and be binding upon you and your heirs, executors, administrators, successors and assigns.

AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN

NOTICE OF EXERCISE OF STOCK OPTION

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To: Itron, Inc.

I, a resident of the State of \_\_\_\_\_, hereby exercise my Nonqualified Stock Option granted by Itron, Inc. (the "Company") on \_\_\_\_\_, \_\_\_\_\_, subject to all the terms and provisions thereof and of the Amended and Restated 2000 Stock Incentive Plan (the "Plan"), and notify the Company of my desire to purchase \_\_\_\_\_ shares of Common Stock of the Company at the exercise price of \$ \_\_\_\_\_ per share. I hereby represent and warrant that I have been furnished with a copy of the Plan and the Plan Summary.

Dated: \_\_\_\_\_

PARTICIPANT NAME \_\_\_\_\_

Taxpayer I.D. Number \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

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**RECEIPT**

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\_\_\_\_\_ hereby acknowledges receipt from \_\_\_\_\_ in payment for \_\_\_\_\_ shares of Common Stock of Itron, Inc., a Washington corporation, of \$ \_\_\_\_\_ in the form of:

\_\_\_\_\_ Cash

\_\_\_\_\_ Check (personal, cashier's or bank certified)

\_\_\_\_\_ Shares of the Company's Common Stock, fair market value \$ \_\_\_\_\_ per share, held by the optionee for a period of at least six months

\_\_\_\_\_ Copy of irrevocable instructions to Broker

Date: \_\_\_\_\_

By: \_\_\_\_\_

FMV on such date: \$ \_\_\_\_\_

For: Itron, Inc.



AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN  
INCENTIVE STOCK OPTION GRANT NOTICE

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Iron, Inc. (the "Company") hereby grants to Participant an Option (the "Option") to purchase shares of the Company's Common Stock. The Option is subject to all the terms and conditions set forth in this Stock Option Grant Notice (this "Grant Notice") and in the Stock Option Agreement and the Company's Amended and Restated 2000 Stock Incentive Plan (the "Plan"), which are attached to and incorporated into this Grant Notice in their entirety.

**Participant:**

**Grant Date:**

**Vesting Base Date:**

**Number of Shares Subject to Option:**

**Exercise Price (per Share):** \$

**Option Expiration Date:**  
*(subject to earlier termination in accordance with the terms of the Plan and the Stock Option Agreement)*

**Type of Option:** Incentive Stock Option

**Vesting and Exercisability Schedule:**

**Additional Terms/Acknowledgement:** The undersigned Participant acknowledges receipt of, and understands and agrees to, this Grant Notice, the Stock Option Agreement, the Plan and the Plan Summary. Participant further acknowledges that as of the Grant Date, this Grant Notice, the Stock Option Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Option and supersede all prior oral and written agreements on the subject.

ITRON, INC.  
  
/s/ LeRoy D. Nosbaum  
Chairman and Chief Executive Officer

PARTICIPANT  
  
\_\_\_\_\_  
[PARTICIPANT NAME]

**Attachments:**

- 1. Stock Option Agreement
- 2. 2000 Stock Incentive Plan
- 3. Plan Summary

**Date:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
\_\_\_\_\_  
**Taxpayer ID:** \_\_\_\_\_



# AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN

## STOCK OPTION AGREEMENT

Pursuant to your Stock Option Grant Notice (the "Grant Notice") and this Stock Option Agreement, Itron, Inc. has granted you an Option under its Amended and Restated 2000 Stock Incentive Plan (the "Plan") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice (the "Shares") at the exercise price indicated in your Grant Notice. Capitalized terms not expressly defined in this Stock Option Agreement or the Grant Notice have the same definitions as in the Plan.

The details of the Option are as follows:

- Vesting and Exercisability.** Subject to the limitations contained herein, the Option will vest and become exercisable as provided in your Grant Notice, provided that vesting will cease upon termination of your employment or service relationship with the Company or a Related Corporation and the unvested portion of the Option will terminate.
- Securities Law Compliance.** At the present time, the Company has an effective registration statement with respect to the Shares. The Company intends to maintain this registration but has no obligation to do so. In the event that such registration ceases to be effective, you will not be able to exercise the Option unless exemptions from registration under federal and state securities laws are available, which exemptions from registration are very limited and might be unavailable. The exercise of the Option must also comply with other applicable laws and regulations governing the Option, and you may not exercise the Option if the Company determines that such exercise would not be in material compliance with such laws and regulations.
- Incentive Stock Option Qualification.** All or a portion of the Option is intended to qualify as an Incentive Stock Option under federal income tax law, but the Company does not represent or guarantee that the Option qualifies as such.

If the aggregate Fair Market Value (determined as of the Grant Date) of the shares of Common Stock subject to the Option and all other Incentive Stock Options you hold that first become exercisable during any calendar year exceeds \$100,000, any excess portion will be treated as a Nonqualified Stock Option, unless the Internal Revenue Service changes the rules and regulations governing the \$100,000 limit for Incentive Stock Options. A portion of the Option may be treated as a Nonqualified Stock Option if certain events cause exercisability of the Option to accelerate.

- Notice of Disqualifying Disposition.** To obtain certain tax benefits afforded to Incentive Stock Options, you must hold the Shares issued upon the exercise of the Option for two years after the Grant Date and one year after the date of exercise. You may be subject to the alternative minimum tax at the time of exercise. You should obtain tax advice when exercising the Option and prior to the disposition of the Shares. By accepting the Option, you agree to promptly notify the Company if you dispose of any of the Shares within one year from the date you exercise all or part of the Option or within two years from the Grant Date.
- Method of Exercise.** You may exercise the Option by giving written notice to the Company, in form and substance satisfactory to the Company, which will state your election to exercise the Option and the number of Shares for which you are exercising the Option. The written notice must be accompanied by full payment of the exercise price for the number of Shares you are purchasing. You may make this payment in any combination of the following: (a) by cash; (b) by check acceptable to the Company; (c) unless the Plan Administrator determines otherwise, by using shares of Common Stock you have owned for at least six months; (d) if the Common Stock is registered under the Exchange Act and to the extent permitted by law, by instructing a broker to deliver to the Company the total payment required all in accordance with the regulations of the Federal Reserve Board; or (e) by any other method permitted by the Plan Administrator.

6. **Treatment Upon Termination of Employment or Service Relationship.** The unvested portion of the Option will terminate automatically and without further notice immediately upon termination of your employment or service relationship with the Company or a Related Corporation for any reason ("Termination of Service"). For purposes of this Stock Option Agreement, "Retirement" means retirement on or after the earlier of (i) age 65 or (ii) age 55 plus ten years of employment or service with the Company or a Related Corporation. You may exercise the vested portion of the Option as follows:

(a) *General Rule.* You must exercise the vested portion of the Option on or before the earlier of (i) three months after your Termination of Service and (ii) the Option Expiration Date;

(b) *Retirement.* If your employment or service relationship terminates due to Retirement, you must exercise the vested portion of the Option on or before the earlier of (i) three years after your Termination of Service and (ii) the Option Expiration Date;

(c) *Disability.* If your employment or service relationship terminates due to Disability, you must exercise the vested portion of the Option on or before the earlier of (i) one year after your Termination of Service and (ii) the Option Expiration Date;

(d) *Death.* If your employment or service relationship terminates due to your death, the vested portion of the Option must be exercised on or before the earlier of (i) one year after your Termination of Service and (ii) the Option Expiration Date. If you die after your Termination of Service but while the Option is still exercisable, the vested portion of the Option may be exercised until the earlier of (x) one year after the date of death and (y) the Option Expiration Date; and

(e) *Cause.* The vested portion of the Option will automatically expire at the time the Company first notifies you of your Termination of Service for Cause, unless the Plan Administrator determines otherwise. If your employment or service relationship is suspended pending an investigation of whether you will be terminated for Cause, all your rights under the Option likewise will be suspended during the period of investigation. If any facts that would constitute termination for Cause are discovered after your Termination of Service, any Option you then hold may be immediately terminated by the Plan Administrator.

**The Option must be exercised within three months after Termination of Service for reasons other than death or Disability and one year after Termination of Service due to Disability to qualify for the beneficial tax treatment afforded Incentive Stock Options.**

*It is your responsibility to be aware of the date the Option terminates.*

7. **Limited Transferability.** During your lifetime only you can exercise the Option. The Option is not transferable except by will or by the applicable laws of descent and distribution, except that Nonqualified Stock Options may be transferred to the extent permitted by the Plan Administrator. The Plan provides for exercise of the Option by a beneficiary designated on a Company-approved form or the personal representative of your estate.

8. **Withholding Taxes.** As a condition to the exercise of any portion of the Option, you must make such arrangements as the Company may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise.

9. **Option Not an Employment or Service Contract.** Nothing in the Plan or any Award granted under the Plan will be deemed to constitute an employment contract or confer or be deemed to confer any right for you to continue in the employ of, or to continue any other relationship with, the Company or any Related Corporation or limit in any way the right of the Company or any Related Corporation to terminate your employment or other relationship at any time, with or without Cause.

10. **No Right to Damages.** You will have no right to bring a claim or to receive damages if you are required to exercise the vested portion of the Option within three months (three years in the case of Retirement, and one year in the case of Disability or death) of your Termination of Service or if any portion of the Option is cancelled or expires unexercised. The loss of existing or potential profit in Awards will not constitute an element of damages in the event of your Termination of Service for any reason even if the termination is in violation of an obligation of the Company or a Related Corporation to you.

11. **Binding Effect.** This Stock Option Agreement will inure to the benefit of the successors and assigns of the Company and be binding upon you and your heirs, executors, administrators, successors and assigns.

AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN

NOTICE OF EXERCISE OF STOCK OPTION

To: Itron, Inc.

I, a resident of the State of \_\_\_\_\_, hereby exercise my Incentive Stock Option granted by Itron, Inc. (the "Company") on \_\_\_\_\_, \_\_\_\_\_, subject to all the terms and provisions thereof and of the Amended and Restated 2000 Stock Incentive Plan (the "Plan"), and notify the Company of my desire to purchase \_\_\_\_\_ shares of Common Stock of the Company at the exercise price of \$ \_\_\_\_\_ per share. I hereby represent and warrant that I have been furnished with a copy of the Plan and the Plan Summary.

Dated: \_\_\_\_\_ □ 60;

«First\_Name» «Last\_Name»

Address

Taxpayer I.D. Number

&# 160;

**RECEIPT**

\_\_\_\_\_ hereby acknowledges receipt from \_\_\_\_\_ in payment for \_\_\_\_\_ shares of Common Stock of Itron, Inc., a Washington corporation, of \$ \_\_\_\_\_ in the form of:

\_\_\_\_\_ Cash

\_\_\_\_\_ Check (personal, cashier's or bank certified)

\_\_\_\_\_ Shares of the Company's Common Stock, fair market value \$ \_\_\_\_\_ per share, held by the optionee for a period of at least six months

\_\_\_\_\_ Copy of irrevocable instructions to Broker

Date: \_\_\_\_\_

By:

FMV on such date: \$ \_\_\_\_\_

For: Itron, Inc.