

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**

**August 31, 2011**

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))

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

On August 31, 2011, the Board of Directors (the "Board") of Itron, Inc. ("Itron" or the "Company") appointed LeRoy D. Nosbaum as the Company's President and Chief Executive Officer effective August 31, 2011. Mr. Nosbaum succeeds Malcolm Unsworth who has retired as President and Chief Executive Officer and as a director of Itron. Mr. Nosbaum was also elected to the Board to fill the vacancy created by Mr. Unsworth's retirement.

Mr. Nosbaum, age 65, served as the Company's Chief Executive Officer from 2000 until his retirement in March 2009. Mr. Nosbaum also served as a director on the Company's Board from 2000 to December 2009, acting as the Chairman of the Board from 2000 to March 2009, and as Executive Chairman of the Board from April 2009 to December 2009. Mr. Nosbaum originally joined the Company in 1996 and had executive responsibilities for manufacturing, product development, operations, and marketing before he was promoted to Chief Executive Officer. Before joining Itron, Mr. Nosbaum was executive vice president and general manager of Metricom, Inc.'s UtiliNet Division. Prior to joining Metricom, he was employed by Schlumberger, Ltd., a company whose electric metering division was acquired by Itron in 2004. Mr. Nosbaum is a director of Esterline Technologies Corporation and Quanex Building Products Corporation, both NYSE listed companies.

On August 31, 2011, the Company entered into an employment arrangement with Mr. Nosbaum that includes the following material provisions:

- Mr. Nosbaum commits to remain as the Company's President and Chief Executive Officer for a period of two years or until a successor has been appointed.
- Mr. Nosbaum will be paid an annual base salary of \$1,500,000.
- Mr. Nosbaum has been granted a restricted stock unit ("RSU") award for the number of shares of the Company's common stock equal to a value of \$1,000,000 based on the closing share price of the Company's common stock on the NASDAQ Global Select Market on August 31, 2011. The RSU award will vest in full one year from the grant date.
- Mr. Nosbaum has been granted an option to purchase 25,000 shares of the Company's common stock at an exercise price to be determined based on the closing share price of the Company's common stock on the NASDAQ Global Select Market on August 31, 2011. The option will vest in full the earlier of (a) two years from the date of grant or (b) termination of Mr. Nosbaum's employment by the Company without cause, or Mr. Nosbaum's retirement from the Company upon the appointment of his successor.

In connection with his employment, the Company entered into an indemnification agreement with Mr. Nosbaum with terms that are substantially the same as those in the form of agreement filed as an exhibit to the Company's Annual Report on Form 10-K filed on March 30, 2000 and a Confidential Information Inventions and Noncompetition Agreement with terms that are substantially the same as those entered into with generally all salaried employees. The Company did not enter into a Change in Control Agreement with Mr. Nosbaum.

The foregoing description of Mr. Nosbaum's employment arrangement is qualified in its entirety by reference to the full text of Mr. Nosbaum's offer letter, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

There are no related person transactions or other information related to Mr. Nosbaum that are required to be disclosed pursuant to section 404(a) of Regulation S-K of the Securities Exchange Act of 1934.

On September 7, 2011, the Company entered into a separation agreement with Mr. Unsworth that includes the following material provisions:

- Mr. Unsworth will receive payments totaling \$772,500, payable in monthly installments beginning September 30, 2011, less legally required and authorized withholdings.
- Mr. Unsworth's equity awards granted under the Company's stock incentive plans will be treated as appropriate in light of his retirement from the Company in accordance with the terms of the applicable stock incentive plans and agreements underlying the equity awards.
- Mr. Unsworth will receive payment on a pro-rata basis for the amount, if any, he would have otherwise been entitled under the Company's bonus and incentive plans in light of his retirement from the Company.
- For a period of one year after August 31, 2011, Mr. Unsworth agrees to certain nonsolicitation and noncompetition provisions.
- Mr. Unsworth releases the Company against any claims that relate to his employment with the Company.

The foregoing description of Mr. Unsworth's separation agreement is qualified in its entirety by reference to the full text of Mr. Unsworth's separation agreement, a copy of which is attached as Exhibit 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

The press release announcing matters relating to the information herein is attached hereto as Exhibit 99.1.

#### **Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On August 31, 2011, the Board amended (the "Amendment") the Company's Amended and Restated Bylaws (the "Bylaws"), effective immediately, Section 3.2 of the Bylaws to provide that the size of the Board may be set by amendment to the Bylaws or by resolution of the Board or shareholders, provided that, any resolution of shareholders amending the Bylaws or establishing the size of the Board must be approved by the affirmative vote of at least two-thirds of the outstanding shares entitled to vote on such resolutions. Further, the Amendment amends Section 11 of the Bylaws to provide that any amendment to change or eliminate a specified vote requirement of shareholders provided for in the Bylaws must be approved by the same vote as the specified vote requirement proposed to be amended. In addition, the Amendment adds a new Section 12 of the Bylaws to provide that the Superior Court of Spokane County of the State of Washington will be the sole and exclusive forum to adjudicate certain intra-corporate matters.

The foregoing description of the Amendment is qualified in its entirety by reference to the full text of the Amendment, a copy of which is attached as Exhibit 3.2 to this Current Report on Form 8-K and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit Number	Description
3.2	Amended and Restated Bylaws of Itron, Inc., as amended effective August 31, 2011.
10.1	Offer Letter, dated as of August 31, 2011, between Itron, Inc. and LeRoy D. Nosbaum.
10.2	Separation Agreement, dated as of September 7, 2011, between Itron, Inc. and Malcolm Unsworth.
99.1	Press Release dated August 31, 2011.

**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.

ITRON, INC.

Dated: September 7, 2011

By:

/s/ John W. Holleran

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John W. Holleran

Senior Vice President, General Counsel and Corporate Secretary

## EXHIBIT INDEX

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10.2	Separation Agreement, dated as of September 7, 2011, between Itron, Inc. and Malcolm Unsworth.
99.1	Press Release dated August 31, 2011.

**AMENDED AND RESTATED BYLAWS**

**OF**

**ITRON, INC.**

**Adopted May 23, 2002**

**As Amended Through August 31, 2011**

## AMENDMENTS Subsequent to May 23, 2002

<u>Section</u>	<u>Effect of Amendment</u>	<u>Date of Amendment</u>
3.3.2	Revised to provide majority voting in uncontested elections of directors and to provide procedures to follow if a current director fails to receive required votes to be re-elected	12/4/2007
6.7	New subsection 6.7 added to allow for uncertificated shares	12/4/2007
3.2	Revised shareholder vote requirement for election of directors	8/31/2011
11	Revised shareholder vote requirement to amend Bylaws to change or eliminate a specified vote requirement of shareholders	8/31/2011
12	New section 12 added to provide that Washington State court is the exclusive forum for certain intra-corporate actions	8/31/2011

## CONTENTS

SECTION 1. OFFICES.....	1
SECTION 2. SHAREHOLDERS.....	1
2.1 Annual Meeting.....	1
2.2 Special Meetings.....	1
2.3 Meetings by Communication Equipment.....	1
2.4 Date, Time and Place of Meeting.....	2
2.5 Notice of Meeting.....	2
2.6 Business for Shareholders' Meetings.....	2
2.6.1 Business at Annual Meetings.....	2
2.6.2 Business at Special Meetings.....	3
2.6.3 Notice to Corporation.....	3
2.7 Waiver of Notice.....	3
2.8 Fixing of Record Date for Determining Shareholders.....	4
2.9 Voting Record.....	4
2.10 Quorum.....	4
2.11 Manner of Acting.....	5
2.12 Proxies.....	5
2.13 Voting of Shares.....	5
2.14 Voting for Directors.....	5
2.15 Action by Shareholders Without a Meeting.....	5
SECTION 3. BOARD OF DIRECTORS.....	6
3.1 General Powers.....	6
3.2 Number and Tenure.....	6
3.3 Nomination and Election.....	7
3.3.1 Nomination.....	7
3.3.2 Election.....	7
3.4 Annual and Regular Meetings.....	8
3.5 Special Meetings.....	8
3.6 Meetings by Communications Equipment.....	8
3.7 Notice of Special Meetings.....	9
3.7.1 Personal Delivery.....	9
3.7.2 Delivery by Mail.....	9
3.7.3 Delivery by Private Carrier.....	9
3.7.4 Facsimile Notice.....	9
3.7.5 Delivery by Telegraph.....	9
3.7.6 Delivery by Email.....	9
3.7.7 Oral Notice.....	10
3.8 Waiver of Notice.....	10

3.8.1	In Writing.....	10
3.8.2	By Attendance.....	10
3.9	Quorum.....	10
3.10	Manner of Acting.....	10
3.11	Presumption of Assent.....	10
3.12	Action by Board or Committees Without a Meeting.....	11
3.13	Resignation.....	11
3.14	Removal.....	11
3.15	Vacancies.....	11
3.16	Executive and Other Committees.....	12
3.16.1	Creation of Committees.....	12
3.16.2	Authority of Committees.....	12
3.16.3	Quorum and Manner of Acting.....	12
3.16.4	Minutes of Meetings.....	12
3.16.5	Resignation.....	13
3.16.6	Removal.....	13
3.16.7	Audit/Finance Committee and Compensation Committee.....	13
3.16.8	Compensation Committee.....	13
3.17	Compensation.....	13
SECTION 4. OFFICERS.....		14
4.1	Appointment and Term.....	14
4.2	Resignation.....	14
4.3	Removal.....	14
4.4	Contract Rights of Officers.....	14
4.5	Chairman of the Board and Vice Chairman of the Board.....	14
4.6	Chief Executive Officer.....	15
4.7	President.....	15
4.8	Vice President.....	15
4.9	Secretary.....	15
4.10	Treasurer.....	16
4.11	Salaries.....	16
SECTION 5. CONTRACTS, LOANS, CHECKS AND DEPOSITS.....		16
5.1	Contracts.....	16
5.2	Loans to the Corporation.....	16
5.3	Checks, Drafts, Etc.....	16
5.4	Deposits.....	16
SECTION 6. CERTIFICATES FOR SHARES AND THEIR TRANSFER.....		17
6.1	Issuance of Shares.....	17
6.2	Certificates for Shares.....	17
6.3	Stock Records.....	17

6.4	Restriction on Transfer.....	17
6.5	Transfer of Shares.....	18
6.6	Lost or Destroyed Certificates.....	18
6.7	Shares Without Certificates.....	18
SECTION 7. BOOKS AND RECORDS.....		18
SECTION 8. ACCOUNTING YEAR.....		19
SECTION 9. SEAL.....		19
SECTION 10. INDEMNIFICATION.....		20
10.1	Right to Indemnification.....	20
10.2	Restrictions on Indemnification.....	20
10.3	Advancement of Expenses.....	20
10.4	Right of Indemnitee to Bring Suit.....	21
10.5	Procedures Exclusive.....	21
10.6	Nonexclusivity of Rights.....	21
10.7	Insurance, Contracts and Funding.....	21
10.8	Indemnification of Employees and Agents of the Corporation.....	22
10.9	Persons Serving Other Entities.....	22
SECTION 11. AMENDMENTS.....		22
SECTION 12. EXCLUSIVE FORUM.....		22

# RESTATED BYLAWS

## OF

### ITRON, INC.

#### SECTION 1. OFFICES

The principal office of the corporation shall be located at the principal place of business or such other place as the Board of Directors ("Board") may designate. The corporation may have such other offices, either within or without the State of Washington, as the Board may designate or as the business of the corporation may require from time to time.

#### SECTION 2. SHAREHOLDERS

##### 2.1 Annual Meeting

The annual meeting of the shareholders shall be held within 90 to 180 days after the fiscal year end of the corporation at a date and time determined by resolution of the Board of Directors, for the purpose of electing Directors and transacting such other business as may properly come before the meeting. If the day fixed for the annual meeting is a legal holiday at the place of the meeting, the meeting shall be held on the next succeeding business day. At any time prior to the commencement of the annual meeting, the Board may postpone the annual meeting for a period of up to 120 days from the date fixed for such meeting in accordance with this subsection 2.1.

##### 2.2 Special Meetings

The Chairman of the Board, the Chief Executive Officer, the President or the Board may call special meetings of the shareholders for any purpose. Further, a special meeting of the shareholders shall be held if the holders of not less than 25% of all the votes entitled to be cast on any issue proposed to be considered at such special meeting have dated, signed and delivered to the Secretary, at least 20 business days prior to the date of such meeting, one or more written demands for such meeting, describing the purpose or purposes for which it is to be held.

##### 2.3 Meetings by Communication Equipment

Shareholders may participate in any meeting of the shareholders by any means of communication by which all persons participating in the meeting can hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

## **2.4 Date, Time and Place of Meeting**

Except as otherwise provided herein, all meetings of shareholders, including those held pursuant to demand by shareholders as provided herein, shall be held on such date and at such time and place, within or without the State of Washington, designated by or at the direction of the Board.

## **2.5 Notice of Meetings**

Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be given by or at the direction of the Board, the Chairman of the Board, the Chief Executive Officer, the President or the Secretary to each shareholder entitled to notice of or to vote at the meeting not less than 10 nor more than 60 days before the meeting, except that notice of a meeting to act on an amendment to the Articles of Incorporation, a plan of merger or share exchange, the sale, lease, exchange or other disposition of all or substantially all of the corporation's assets other than in the regular course of business or the dissolution of the corporation shall be given not less than 20 nor more than 60 days before such meeting. Further, notice of a meeting called by the requisite percentage of shareholders pursuant to Section 2.2 hereof, shall be given not less than 20 nor more than 60 days before such meeting. Such notice may be transmitted by mail, private carrier, personal delivery, telegraph, teletype or communications equipment which transmits a facsimile of the notice to like equipment which receives and reproduces such notice. If these forms of written notice are impractical in the view of the Board, the Chairman of the Board, the Chief Executive Officer, the President or the Secretary, written notice may be transmitted by an advertisement in a newspaper of general circulation in the area of the corporation's principal office. If such notice is mailed, it shall be deemed effective when deposited in the official government mail, first-class postage prepaid, properly addressed to the shareholder at such shareholder's address as it appears in the corporation's current record of shareholders. Notice given in any other manner shall be deemed effective when dispatched to the shareholder's address, telephone number or other number appearing on the records of the corporation, provided that in the case of a notice given by private courier, notice shall be deemed effective when delivered. Any notice given by publication as herein provided shall be deemed effective five days after first publication.

## **2.6 Business for Shareholders' Meetings**

### **2.6.1 Business at Annual Meetings**

In addition to the election of directors, other proper business may be transacted at an annual meeting of shareholders, provided that such business is properly brought before such meeting. To be properly brought before an annual meeting, business must be (a) brought by or at the direction of the Board or (b) brought before the meeting by a shareholder pursuant to written notice thereof, in accordance with subsection 2.6.3 hereof, and received by the Secretary not fewer than 90 nor more than 120 days prior to the anniversary date of the prior year's annual meeting; provided that if the date of the annual

meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the shareholder to be timely must be so delivered not later than the close of business on the later of (i) the 120<sup>th</sup> day prior to such annual meeting or (ii) the tenth day following the day on which the notice of the date of the annual meeting was mailed or such public disclosure was made. Any shareholder notice shall set forth (i) the name and address of the shareholder proposing such business; (ii) a representation that the shareholder is entitled to vote at such meeting and a statement of the number of shares of the corporation which are beneficially owned by the shareholder; (iii) a representation that the shareholder intends to appear in person or by proxy at the meeting to propose such business; and (iv) as to each matter the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, the language of the proposal (if appropriate), and any material interest of the shareholder in such business. No business shall be conducted at any annual meeting of shareholders except in accordance with this subsection 2.6.1. If the facts warrant, the Board, or the chairman of an annual meeting of shareholders, may determine and declare (a) that a proposal does not constitute proper business to be transacted at the meeting or (b) that business was not properly brought before the meeting in accordance with the provisions of this subsection 2.6.1 and, if, in either case, it is so determined, any such business not properly brought before the meeting shall not be transacted. In addition to the procedures set forth in this subsection 2.6.1, shareholders desiring to include a proposal in the Company's proxy statement must also comply with the requirements set forth in Rule 14a-8 under Section 14 of the Securities Exchange Act of 1934, as amended, or any successor provision.

### **2.6.2 Business at Special Meetings**

At any special meeting of the shareholders, only such business as is specified in the notice of such special meeting given by or at the direction of the person or persons calling such meeting, in accordance with subsection 2.5 hereof, shall come before such meeting.

### **2.6.3 Notice to Corporation**

Any written notice required to be delivered by a shareholder to the corporation pursuant to subsection 2.5, subsection 2.6.1 or subsection 2.6.2 hereof must be given, either by personal delivery or by registered or certified mail, postage prepaid, to the Secretary at the corporation's executive offices in the City of Liberty Lake, State of Washington.

### **2.7 Waiver of Notice**

Whenever any notice is required to be given to any shareholder under the provisions of these Bylaws, the Articles of Incorporation or the Washington Business Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice and delivered to the corporation, whether before or after the date and time of the meeting, shall be deemed equivalent to the giving of such notice. Further, notice of the time, place and

purpose of any meeting will be deemed to be waived by any shareholder by attendance thereat in person or by proxy, unless such shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.

## **2.8 Fixing of Record Date for Determining Shareholders**

For the purpose of determining shareholders entitled (a) to notice of or to vote at any meeting of shareholders or any adjournment thereof, (b) to demand a special meeting, or (c) to receive payment of any dividend, or in order to make a determination of shareholders for any other purpose, the Board may fix a future date as the record date for any such determination. Such record date shall be not more than 70 days and in case of a meeting of shareholders not less than 10 days prior to the date on which the particular action requiring such determination is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting, the record date shall be the day immediately preceding the date on which notice of the meeting is first given to shareholders. Such a determination shall apply to any adjournment of the meeting unless the Board fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. If no record date is set for the determination of shareholders entitled to receive payment of any stock dividend or distribution (other than one involving a purchase, redemption, or other acquisition of the corporation's shares) the record date shall be the date the Board authorizes the stock dividend or distribution.

## **2.9 Voting Record**

At least 10 days before each meeting of shareholders, an alphabetical list of the shareholders entitled to notice of such meeting shall be made, arranged by voting group and by each class or series of shares therein, with the address of and number of shares held by each shareholder. This record shall be kept at the principal office of the corporation for 10 days prior to such meeting, and shall be kept open at such meeting, for the inspection of any shareholder or any shareholder's agent.

## **2.10 Quorum**

A majority of the votes entitled to be cast on a matter by the holders of shares that, pursuant to the Articles of Incorporation or the Washington Business Corporation Act, are entitled to vote and be counted collectively upon such matter, represented in person or by proxy, shall constitute a quorum of such shares at a meeting of shareholders. If less than a quorum of such votes are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice if the new date, time or place is announced at the meeting before adjournment. Any business may be transacted at a reconvened meeting that might have been transacted at the meeting as originally called, provided a quorum is present or represented thereat. Once a share is represented for any purpose at a meeting other than solely to object to holding the meeting or transacting business thereat, it is deemed present for quorum purposes for the remainder of the meeting

and any adjournment thereof (unless a new record date is or must be set for the adjourned meeting) notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

### **2.11 Manner of Acting**

If a quorum is present, action on a matter other than the election of Directors shall be approved if the votes cast in favor of the action by the shares entitled to vote and be counted collectively upon such matter exceed the votes cast against such action by the shares entitled to vote and be counted collectively thereon, unless the Articles of Incorporation or the Washington Business Corporation Act requires a greater number of affirmative votes.

### **2.12 Proxies**

A shareholder may vote by proxy executed in writing by the shareholder or by his or her attorney-in-fact or agent. Such proxy shall be effective when received by the Secretary or other officer or agent authorized to tabulate votes. A proxy shall become invalid 11 months after the date of its execution, unless otherwise provided in the proxy. A proxy with respect to a specified meeting shall entitle the holder thereof to vote at any reconvened meeting following adjournment of such meeting but shall not be valid after the final adjournment thereof.

### **2.13 Voting of Shares**

Except as provided in the Articles of Incorporation or in Section 2.14 hereof, each outstanding share entitled to vote with respect to a matter submitted to a meeting of shareholders shall be entitled to one vote upon such matter.

### **2.14 Voting for Directors**

Each shareholder entitled to vote at an election of Directors may vote, in person or by proxy, the number of shares owned by such shareholder for as many persons as there are Directors to be elected and for whose election such shareholder has a right to vote, or (unless otherwise provided in the Articles of Incorporation) each such shareholder may cumulate such shareholder's votes by distributing among one or more candidates as many votes as are equal to the number of such Directors multiplied by the number of such shareholder's shares. Unless otherwise provided in the Articles of Incorporation, the candidates elected shall be those receiving the largest number of votes cast, up to the number of Directors to be elected.

### **2.15 Action by Shareholders Without a Meeting**

Any action which could be taken at a meeting of the shareholders may be taken without a meeting if one or more written consents setting forth the action so taken are signed by all shareholders entitled to vote on the action and are delivered to the corporation. If not otherwise fixed by the Board, the record date for determining shareholders entitled to take action without a meeting is the date the first shareholder signs the consent. A shareholder

may withdraw a consent only by delivering a written notice of withdrawal to the corporation prior to the time that all consents are in the possession of the corporation. Action taken by written consent of shareholders without a meeting is effective when all consents are in the possession of the corporation, unless the consent specifies a later effective date. Any such consent shall be inserted in the minute book as if it were the minutes of a meeting of the shareholders.

## **SECTION 3. BOARD OF DIRECTORS**

### **3.1**

#### **General Powers**

All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the Board, except as may be otherwise provided in these Bylaws, the Articles of Incorporation or the Washington Business Corporation Act.

### **3.2**

#### **Number and Tenure**

The Board shall be composed of not less than three nor more than fifteen Directors, the specific number to be set by resolution of the Board or the shareholders, provided that, to be effective, any resolution of the shareholders establishing the specific number must be approved by the affirmative vote of at least two-thirds (2/3) of the outstanding shares entitled to vote on such resolution. The number of Directors may be changed from time to time by amendment to these Bylaws, provided that, to be effective, any amendment by shareholders must be approved by the affirmative vote of at least two-thirds (2/3) of the outstanding shares entitled to vote on such resolution. A Director's term shall be three years, and each Director shall serve for the term for which he or she was elected, or until his or her successor shall have been elected and qualified, or until his or her death, resignation or removal from office; provided, however, that a Director shall continue to serve until his or her successor is elected or until there is a decrease in the authorized number of Directors. Directors need not be shareholders of the corporation or residents of the State of Washington and need not meet any other qualifications.

### **3.3**

### **Nomination and Election**

#### **3.3.1**

#### **Nomination**

Only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors. Nominations for the election of Directors may be made (a) by or at the direction of the Board or (b) by any shareholder of record entitled to vote for the election of Directors at such meeting; provided, however, that a shareholder may nominate persons for election as Directors only if written notice (in accordance with subsection 2.6.3 hereof) of such shareholder's intention to make such nominations is received by the Secretary not later than (i) with respect to an election to be held at an annual meeting of the shareholders, not fewer than sixty nor more than ninety days prior to the date specified in subsection 2.1 hereof for such annual meeting (or if less than sixty days' notice or prior public disclosure of the date of the annual meeting is given or made to the shareholders, not later than the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made) and (ii) with respect to an election to be held at a special meeting of the shareholders for the election of Directors, the close of business on the seventh business day following the date on which notice of such meeting is first given to shareholders. Any such shareholder's notice shall set forth (a) the name and address of the shareholder who intends to make a nomination; (b) a representation that the shareholder is entitled to vote at such meeting and a statement of the number of shares of the corporation which are beneficially owned by the shareholder; (c) 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; (d) as to each person the shareholder proposes to nominate for election or re-election as a Director, the name and address of such person and such other information regarding such nominee as would be required in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had such nominee been nominated by the Board, and a description of any arrangements or understandings, between the shareholder and such nominee and any other persons (including their names), pursuant to which the nomination is to be made; and (e) the consent of each such nominee to serve as a Director if elected. If the facts warrant, the Board, or the chairman of a shareholders' meeting at which Directors are to be elected, shall determine and declare that a nomination was not made in accordance with the foregoing procedure and, if it so determined, the defective nomination shall be disregarded. The right of shareholders to make nominations pursuant to the foregoing procedure is subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation. The procedures set forth in this subsection 3.3 for nomination for the election of Directors by shareholders are in addition to, and not in limitation of, any procedures now in effect or hereafter adopted by or at the direction of the Board or any committee thereof.

#### **3.3.2**

#### **Election**

Except as provided in Section 3.15, a nominee for director shall be elected if the votes cast for such nominee's election exceed the votes cast against such nominee's

election. The following shall not be votes cast: (a) a share whose ballot is marked as withheld; (b) a share otherwise present at the meeting but for which there is an abstention; and (c) a share otherwise present at the meeting as to which a shareholder gives no authority or direction. Notwithstanding the foregoing, the directors shall be elected by a plurality of the votes cast (a “contested election”) at any meeting of shareholders for which (i) the Secretary of the Corporation receives a notice that a shareholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for shareholder nominees for director set forth in Section 3.3.1 and (ii) such nomination has not been withdrawn by such shareholder on or prior to the time fixed in Section 3.3.1 for submitting nominations. A nominee for director in an election other than a contested election who does not receive the requisite votes for election, but who was a director at the time of the election, shall continue to serve as a director for a term that shall terminate on the date that is the earlier of: (i) ninety (90) days from the date on which the voting results of the election are certified, (ii) the date on which an individual is selected by the Board of Directors to fill the office held by such director (which selection shall be deemed to constitute the filling of a vacancy by the Board of Directors, or (iii) the date the director resigns.

### **3.4 Annual and Regular Meetings**

An annual Board meeting shall be held without notice immediately after and at the same place as the annual meeting of shareholders. By resolution the Board, or any committee thereof, may specify the time and place either within or without the State of Washington for holding regular meetings thereof without notice other than such resolution.

### **3.5 Special Meetings**

Special meetings of the Board or any committee designated by the Board may be called by or at the request of the Chairman of the Board, the Chief Executive Officer, the President, the Secretary or, in the case of special Board meetings, any two Directors and, in the case of any special meeting of any committee designated by the Board, by the Chairman thereof. The person or persons authorized to call special meetings may fix any place either within or without the State of Washington as the place for holding any special Board or committee meeting called by them.

### **3.6 Meetings by Communications Equipment**

Members of the Board or any committee designated by the Board may participate in a meeting of such Board or committee by, or conduct the meeting through the use of, any means of communication by which all Directors participating in the meeting can hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

### 3.7

### Notice of Special Meetings

Notice of a special Board or committee meeting stating the place, day and hour of the meeting shall be given to a Director in writing or orally. Neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice of such meeting.

#### 3.7.1

#### Personal Delivery

If notice is given by personal delivery, the notice shall be effective if delivered to a Director at least two days before the meeting.

#### 3.7.2

#### Delivery by Mail

If notice is delivered by mail, the notice shall be deemed effective if deposited into the official government mail at least five days before the meeting, properly addressed to a Director at his or her address shown on the records of the corporation, with postage thereon prepaid.

#### 3.7.3

#### Delivery by Private Carrier

If notice is given by private carrier, the notice shall be deemed effective when dispatched to a Director at his or her address shown on the records of the corporation at least three days before the meeting.

#### 3.7.4

#### Facsimile Notice

If notice is delivered by wire or wireless equipment which transmits a facsimile of the notice, the notice shall be deemed effective when dispatched at least two days before the meeting to a Director at his or her telephone number or other number appearing on the records of the corporation.

#### 3.7.5

#### Delivery by Telegraph

If notice is delivered by telegraph, the notice shall be deemed effective if the content thereof is delivered to the telegraph company for delivery to a Director at his or her address shown on the records of the corporation at least three days before the meeting.

#### 3.7.6

#### Delivery by Email

If notice is delivered by email, the notice shall be deemed effective upon electronic confirmation of receipt, such as by receipt by the sender of an electronic return receipt at least three days before the meeting.

**3.7.7**

**Oral Notice**

If notice is delivered orally, by telephone or in person, the notice shall be deemed effective if personally given to the Director at least two days before the meeting.

**3.8**

**Waiver of Notice**

**3.8.1**

**In Writing**

Whenever any notice is required to be given to any Director under the provisions of these Bylaws, the Articles of Incorporation or the Washington Business Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice and delivered to the corporation, whether before or after the date and time of the meeting, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board or any committee designated by the Board need be specified in the waiver of notice of such meeting.

**3.8.2**

**By Attendance**

A Director's attendance at or participation in a Board or committee meeting shall constitute a waiver of notice of such meeting, unless the Director at the beginning of the meeting, or promptly upon his or her arrival, objects to holding the meeting or transacting business thereat and does not thereafter vote for or assent to action taken at the meeting.

**3.9**

**Quorum**

A majority of the number of Directors fixed by or in the manner provided in these Bylaws shall constitute a quorum for the transaction of business at any Board meeting but, if less than a quorum are present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

**3.10**

**Manner of Acting**

If a quorum is present when the vote is taken, the act of the majority of the Directors present at a Board meeting shall be the act of the Board, unless the vote of a greater number is required by these Bylaws, the Articles of Incorporation or the Washington Business Corporation Act.

**3.11**

**Presumption of Assent**

A Director of the corporation who is present at a Board or committee meeting at which any action is taken shall be deemed to have assented to the action taken unless (a) the Director objects at the beginning of the meeting, or promptly upon the Director's arrival, to holding the meeting or transacting any business thereat, (b) the Director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (c) the Director

delivers written notice of the Director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation within a reasonable time after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

### **3.12 Action by Board or Committees Without a Meeting**

Any action which could be taken at a meeting of the Board or of any committee created by the Board may be taken without a meeting if one or more written consents setting forth the action so taken are signed by each of the Directors or by each committee member either before or after the action is taken and delivered to the corporation. Action taken by written consent of Directors without a meeting is effective when the last Director signs the consent, unless the consent specifies a later effective date. Any such written consent shall be inserted in the minute book as if it were the minutes of a Board or a committee meeting.

### **3.13 Resignation**

Any Director may resign at any time by delivering written notice to the Chairman of the Board, the Chief Executive Officer, the President, the Secretary or the Board. Any such resignation is effective upon delivery thereof unless the notice of resignation specifies a later effective date and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

### **3.14 Removal**

At a meeting of shareholders called expressly for that purpose, one or more members of the Board, including the entire Board, may be removed with or without cause (unless the Articles of Incorporation permit removal for cause only) by the holders of the shares entitled to elect the Director or Directors whose removal is sought if the number of votes cast to remove the Director exceeds the number of votes cast not to remove the Director. If the Articles of Incorporation permit cumulative voting in the election of Directors, then a Director may not be removed if the number of votes sufficient to elect such Director if then cumulatively voted at an election of the entire Board or, if there are classes of Directors, at an election of the class of Directors of which such Director is a part, is voted against the Director's removal.

### **3.15 Vacancies**

Unless the Articles of Incorporation provide otherwise, any vacancy occurring on the Board may be filled by the shareholders, the Board or, if the Directors in office constitute fewer than a quorum, by the affirmative vote of a majority of the remaining Directors. Any vacant office held by a Director elected by the holders of one or more classes or series of shares entitled to vote and be counted collectively thereon shall be filled only by the vote of the holders of such class or series of shares. A Director elected to fill a vacancy shall serve only until the next election of Directors by the shareholders.

## **3.16**

### **Executive and Other Committees**

#### **3.16.1**

#### **Creation of Committees**

The Board, by resolution adopted by the greater of a majority of the Directors then in office and the number of Directors required to take action in accordance with these Bylaws, may create standing or temporary committees, including an Executive Committee, and appoint members thereto from its own number and invest such committees with such powers as it may see fit, subject to such conditions as may be prescribed by the Board, these Bylaws and applicable law. Each committee must have two or more members, who shall serve at the pleasure of the Board.

#### **3.16.2**

#### **Authority of Committees**

Each committee shall have and may exercise all of the authority of the Board to the extent provided in the resolution of the Board creating the committee and any subsequent resolutions pertaining thereto and adopted in like manner, except that no such committee shall have the authority to: (1) authorize or approve a distribution except according to a general formula or method prescribed by the Board, (2) approve or propose to shareholders actions or proposals required by the Washington Business Corporation Act to be approved by shareholders, (3) fill vacancies on the Board or any committee thereof, (4) adopt, amend or repeal Bylaws, (5) amend the Articles of Incorporation pursuant to RCW 23B.10.020, (6) approve a plan of merger not requiring shareholder approval, or (7) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares except that the Board may authorize a committee or a senior executive officer of the corporation to do so within limits specifically prescribed by the Board.

#### **3.16.3**

#### **Quorum and Manner of Acting**

A majority of the number of Directors composing any committee of the Board, as established and fixed by resolution of the Board, shall constitute a quorum for the transaction of business at any meeting of such committee but, if less than a quorum are present at a meeting, a majority of such Directors present may adjourn the meeting from time to time without further notice. Except as may be otherwise provided in the Washington Business Corporation Act, if a quorum is present when the vote is taken the act of a majority of the members present shall be the act of the committee.

#### **3.16.4**

#### **Minutes of Meetings**

All committees shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose.

**3.16.5****Resignation**

Any member of any committee may resign at any time by delivering written notice thereof to the Chairman of the Board, the Chief Executive Officer, the President, the Secretary or the Board. Any such resignation is effective upon delivery thereof, unless the notice of resignation specifies a later effective date, and the acceptance of such resignation shall not be necessary to make it effective.

**3.16.6****Removal**

The Board may remove any member of any committee elected or appointed by it but only by the affirmative vote of the greater of a majority of the Directors then in office and the number of Directors required to take action in accordance with these Bylaws.

**3.16.7****Audit/Finance Committee**

In addition to any committees appointed pursuant to this Section, there shall be an Audit/Finance Committee, appointed annually by the Board, consisting of at least three Directors who are not members of management. It shall be the responsibility of the Audit/Finance Committee to review the scope and results of the annual independent audit of books and records of the corporation, to review compliance with all corporate policies which have been approved by the Board and to discharge such other responsibilities as may from time to time be assigned to it by the Board. The Audit/Finance Committee shall meet at such times and places as the members deem advisable, and shall make such recommendations to the Board as they consider appropriate.

**3.16.8****Compensation Committee**

The Board may, in its discretion, designate a Compensation Committee consisting of not less than three Directors as it may from time to time determine. The duties of the Compensation Committee shall consist of the following: (a) to establish and review periodically, but not less than annually, the compensation of the officers of the corporation and to report and make recommendations concerning such compensation to the Board; (b) to consider incentive compensation plans for the employees of the corporation; (c) to carry out the duties assigned to the Compensation Committee under any stock option plan or other plan approved by the corporation; (d) to consult with the Chief Executive Officer or the President concerning any compensation matters deemed appropriate by the Chief Executive Officer or President or the Compensation Committee; and (e) such other duties as shall be assigned to the Compensation Committee by the Board.

**3.17****Compensation**

By Board resolution, Directors and committee members may be paid their expenses, if any, of attendance at each Board or committee meeting, or a fixed sum for attendance at each Board or committee meeting, or a stated salary as Director or a committee member, or a combination of the foregoing. No such payment shall preclude any Director or committee member from serving the corporation in any other capacity and receiving compensation

therefor.

## **SECTION 4. OFFICERS**

### **4.1 Appointment and Term**

The officers of the corporation shall be those officers appointed from time to time by the Board or by any other officer empowered to do so. The Board shall have sole power and authority to appoint executive officers. As used herein, the term "executive officer" shall mean the Chief Executive Officer, the President, any Vice President in charge of a principal business unit, division or function or any other officer who performs a policy-making function. The Board or the Chief Executive Officer may appoint such other officers and assistant officers to hold office for such period, have such authority and perform such duties as may be prescribed. The Board may delegate to any other officer the power to appoint any subordinate officers and to prescribe their respective terms of office, authority and duties. Any two or more offices may be held by the same person. Unless an officer dies, resigns or is removed from office, he or she shall hold office until his or her successor is appointed.

### **4.2 Resignation**

Any officer may resign at any time by delivering written notice thereof to the corporation. Any such resignation is effective upon delivery thereof, unless the notice of resignation specifies a later effective date, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

### **4.3 Removal**

Any officer may be removed by the Board at any time, with or without cause. An officer or assistant officer, if appointed by another officer, may be removed by any officer authorized to appoint officers or assistant officers.

### **4.4 Contract Rights of Officers**

The appointment of an officer does not itself create contract rights.

### **4.5 Chairman of the Board and Vice Chairman of the Board**

If appointed, the Chairman of the Board shall perform such duties as shall be assigned to him or her by the Board from time to time and shall preside over meetings of the Board and shareholders unless another officer is appointed or designated by the Board as Chairman of such meetings.

If appointed, the Vice Chairman of the Board shall perform such duties as shall be assigned to him or her by the Board from time to time.

**4.6****Chief Executive Officer**

If appointed, the Chief Executive Officer shall be the chief executive officer of the corporation unless some other officer is so designated by the Board, shall preside over meetings of the Board and shareholders in the absence of a Chairman of the Board, and, subject to the Board's control, shall supervise and control all of the assets, business and affairs of the corporation

**4.7****President**

If appointed, the President shall be the chief operating officer of the corporation unless some other officer is so designated by the Board and shall report to the Chief Executive Officer, unless the same person holds both offices. In general, the President shall perform such other duties as are prescribed by the Board from time to time. If no Secretary has been appointed, the President shall have responsibility for the preparation of minutes of meetings of the Board and shareholders and for authentication of the records of the corporation.

**4.8****Vice President**

Vice Presidents shall perform such other duties as from time to time may be assigned to them by the Chief Executive Officer or the President or by or at the direction of the Board.

**4.9****Secretary**

If appointed, the Secretary shall be responsible for preparation of minutes of the meetings of the Board and shareholders, maintenance of the corporation records and stock registers, and authentication of the corporation's records and shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chief Executive Officer or the President or by or at the direction of the Board. In the absence of the Secretary, an Assistant Secretary may perform the duties of the Secretary.

**4.10****Treasurer**

If appointed, the Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in banks, trust companies or other depositories selected in accordance with the provisions of these Bylaws, and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Chief Executive Officer, or the President or by or at the direction of the Board. In the absence of the Treasurer, an Assistant Treasurer may perform the duties of the Treasurer. If required by the Board, the Treasurer or any Assistant Treasurer shall give a bond for the faithful discharge of his or her duties in such amount and with such surety or sureties as the Board shall determine.

**4.11****Salaries**

The salaries of the officers shall be fixed from time to time by the Board or by any person or persons to whom the Board has delegated such authority. No officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director of the corporation.

**SECTION 5. CONTRACTS, LOANS, CHECKS AND DEPOSITS****5.1****Contracts**

The Board may authorize any officer or officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances.

**5.2****Loans to the Corporation**

No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

**5.3****Checks, Drafts, Etc.**

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, or agent or agents, of the corporation and in such manner as is from time to time determined by resolution of the Board.

**5.4****Deposits**

All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board may select.

## **SECTION 6. CERTIFICATES FOR SHARES AND THEIR TRANSFER**

### **6.1 Issuance of Shares**

No shares of the corporation shall be issued unless authorized by the Board, or by a committee designated by the Board to the extent such committee is empowered to do so.

### **6.2 Certificates for Shares**

Certificates representing shares of the corporation shall be signed, either manually or in facsimile, by the Chief Executive Officer, the President or any Vice President and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary and shall include on their face written notice of any restrictions which may be imposed on the transferability of such shares. All certificates shall be consecutively numbered or otherwise identified.

### **6.3 Stock Records**

The stock transfer books shall be kept at the principal office of the corporation or at the office of the corporation's transfer agent or registrar. The name and address of each person to whom certificates for shares are issued, together with the class and number of shares represented by each such certificate and the date of issue thereof, shall be entered on the stock transfer books of the corporation. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

### **6.4 Restriction on Transfer**

Except to the extent that the corporation has obtained an opinion of counsel acceptable to the corporation that transfer restrictions are not required under applicable securities laws, or has otherwise satisfied itself that such transfer restrictions are not required, all certificates representing shares of the corporation shall bear a legend on the face of the certificate, or on the reverse of the certificate if a reference to the legend is contained on the face, which reads substantially as follows:

"The securities evidenced by this certificate have not been registered under the Securities Act of 1933, as amended, or any applicable state law, and no interest therein may be sold, distributed, assigned, offered, pledged or otherwise transferred unless (a) there is an effective registration statement under such

Act and applicable state securities laws covering any such transaction involving said securities or (b) this corporation receives an opinion of legal counsel for the holder of these securities (concurring in by legal counsel for this corporation) stating that such transaction is exempt from registration or this corporation otherwise satisfies itself that such transaction is exempt from registration. Neither the offering of the securities nor any offering materials have been reviewed by any administrator under the Securities Act of 1933, as amended, or any applicable state law."

#### **6.5 Transfer of Shares**

The transfer of shares of the corporation shall be made only on the stock transfer books of the corporation pursuant to authorization or document of transfer made by the holder of record thereof or by his or her legal representative, who shall furnish proper evidence of authority to transfer, or by his or her attorney-in-fact authorized by power of attorney duly executed and filed with the Secretary of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificates for a like number of shares shall have been surrendered and cancelled.

#### **6.6 Lost or Destroyed Certificates**

In the case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and indemnity to the corporation as the Board may prescribe.

#### **6.7 Shares Without Certificates**

Notwithstanding any other provisions herein, the Board may authorize the issuance of some or all of the shares of any or all of the corporation's classes or series without certificates. The authorization does not affect shares already represented by certificates until they are surrendered to the corporation. Within a reasonable time after the issuance or transfer of shares without certificates, the corporation shall send the shareholder a record containing the information required on certificates by applicable Washington law.

### **SECTION 7. BOOKS AND RECORDS**

The corporation shall:

- (a) Keep as permanent records minutes of all meetings of its shareholders and the Board, a record of all actions taken by the shareholders or the Board without a meeting, and a record of all actions taken by a committee of the Board exercising the authority of the Board on behalf of the corporation.
- (b) Maintain appropriate accounting records.

(c) Maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order by class of shares showing the number and class of shares held by each; provided, however, such record may be maintained by an agent of the corporation.

(d) Maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(e) Keep a copy of the following records at its principal office:

1. the Articles of Incorporation and all amendments thereto as currently in effect;

2. the Bylaws and all amendments thereto as currently in effect;

3. the minutes of all meetings of shareholders and records of all action taken by shareholders without a meeting, for the past three years;

4. the financial statements described in Section 23B.16.200(1) of the Washington Business Corporation Act, for the past three years;

5. all written communications to shareholders generally within the past three years;

6. a list of the names and business addresses of the current Directors and officers; and

7. the most recent annual report delivered to the Washington Secretary of State.

#### **SECTION 8. ACCOUNTING YEAR**

The accounting year of the corporation shall be the calendar year, provided that if a different accounting year is at any time selected by the Board for purposes of federal income taxes, or any other purpose, the accounting year shall be the year so selected.

#### **SECTION 9. SEAL**

The Board may provide for a corporate seal which shall consist of the name of the corporation, the state of its incorporation and the year of its incorporation.

**SECTION 10. INDEMNIFICATION**

**10.1 Right to Indemnification**

Each person who was, is or is threatened to be made a named party to or is otherwise involved (including, without limitation, as a witness) in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or officer of the corporation or, that being or having been such a Director or officer or an employee of the corporation, he or she is or was serving at the request of an executive officer of the corporation as a Director, officer, partner, trustee, employee or agent of another corporation or of a partnership, joint venture, trust, employee benefit plan or other enterprise (hereinafter an "indemnitee"), whether the basis of a proceeding is alleged action in an official capacity as such a Director, officer, partner, trustee, employee or agent or in any other capacity while serving as such a Director, officer, partner, trustee, employee or agent, shall be indemnified and held harmless by the corporation against all expense, liability and loss (including counsel fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such indemnitee in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a Director, officer, partner, trustee, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Except as provided in subsection 10.2 of this Section with respect to proceedings seeking to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if a proceeding (or part thereof) was authorized or ratified by the Board. The right to indemnification conferred in this Section shall be a contract right.

**10.2 Restrictions on Indemnification**

No indemnification shall be provided to any such indemnitee for acts or omissions of the indemnitee finally adjudged to be intentional misconduct or a knowing violation of law, for conduct of the indemnitee finally adjudged to be in violation of Section 23B.08.310 of the Washington Business Corporation Act, for any transaction with respect to which it was finally adjudged that such indemnitee personally received a benefit in money, property or services to which the indemnitee was not legally entitled or if the corporation is otherwise prohibited by applicable law from paying such indemnification, except that if Section 23B.08.560 or any successor provision of the Washington Business Corporation Act is hereafter amended, the restrictions on indemnification set forth in this subsection 10.2 shall be as set forth in such amended statutory provision.

**10.3 Advancement of Expenses**

The right to indemnification conferred in this Section shall include the right to be paid by the corporation the expenses incurred in defending any proceeding in advance of its final disposition (hereinafter an "advancement of expenses"). An advancement of expenses

shall be made upon delivery to the corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this subsection 10.3.

#### **10.4 Right of Indemnitee to Bring Suit**

If a claim under subsection 10.1 or 10.3 of this Section is not paid in full by the corporation within 60 days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part, in any such suit or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. The indemnitee shall be presumed to be entitled to indemnification under this Section upon submission of a written claim (and, in an action brought to enforce a claim for an advancement of expenses, where the required undertaking has been tendered to the corporation) and thereafter the corporation shall have the burden of proof to overcome the presumption that the indemnitee is so entitled.

#### **10.5 Procedures Exclusive**

Pursuant to Section 23B.08.560 (2) or any successor provision of the Washington Business Corporation Act, the procedures for indemnification and advancement of expenses set forth in this Section are in lieu of the procedures required by Section 23B.08.550 or any successor provision of the Washington Business Corporation Act.

#### **10.6 Nonexclusivity of Rights**

The right to indemnification and the advancement of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation or Bylaws of the corporation, general or specific action of the Board, contract or otherwise.

#### **10.7 Insurance, Contracts and Funding**

The corporation may maintain insurance, at its expense, to protect itself and any Director, officer, partner, trustee, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Washington Business Corporation Act. The corporation may enter into contracts with any Director, officer, partner, trustee, employee or agent of the corporation in furtherance of the provisions of this Section and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter

of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Section.

### **10.8 Indemnification of Employees and Agents of the Corporation**

The corporation may, by action of the Board, grant rights to indemnification and advancement of expenses to employees and agents or any class or group of employees and agents of the corporation (i) with the same scope and effect as the provisions of this Section with respect to the indemnification and advancement of expenses of Directors and officers of the corporation; (ii) pursuant to rights granted pursuant to, or provided by, the Washington Business Corporation Act; or (iii) as are otherwise consistent with law.

### **10.9 Persons Serving Other Entities**

Any person who, while a Director, officer or employee of the corporation, is or was serving (a) as a Director or officer of another foreign or domestic corporation of which a majority of the shares entitled to vote in the election of its Directors is held by the corporation or (b) as a partner, trustee or otherwise in an executive or management capacity in a partnership, joint venture, trust or other enterprise of which the corporation or a wholly owned subsidiary of the corporation is a general partner or has a majority ownership shall be deemed to be so serving at the request of an executive officer of the corporation and entitled to indemnification and advancement of expenses under subsections 10.1 and 10.3 of this Section.

## **SECTION 11. AMENDMENTS**

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board, except that the Board may not repeal or amend any Bylaw that the shareholders have expressly provided, in amending or repealing such Bylaw, may not be amended or repealed by the Board. The shareholders may also alter, amend and repeal these Bylaws or adopt new Bylaws, provided that, to be effective, any amendment to change or eliminate a specified vote requirement of shareholders provided for in these Bylaws must be approved by the same vote as the specified vote requirement proposed to be amended.

## **SECTION 12. EXCLUSIVE FORUM**

The Superior Court of Spokane County of the State of Washington shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director or officer of the corporation to the corporation or the corporation's stockholders, (iii) any action asserting a claim against the corporation arising under or pursuant to, or based on, any provision of the Washington Business Corporation Act or the corporation's Articles of Incorporation or Bylaws, or (iv) any action asserting a claim against the corporation governed by the internal affairs doctrine.

The foregoing Amended and Restated Bylaws were adopted by the Board of Directors on May 23, 2002, and amended on December 4, 2007, and August 31, 2011.

/S/ MARILYN R. HILL

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MariLyn R. Hill, Assistant Corporate Secretary

August 31, 2011

Mr. LeRoy D. Nosbaum

Dear Mr. Nosbaum:

On behalf of Itron, Inc. (the "Company"), I am very pleased to offer you the position of Chief Executive Officer and President of Itron, Inc.. This letter establishes what will be the terms of your employment with the Company if you accept this offer.

If you accept this offer of employment by fulfilling the conditions set forth later in this letter, your start date with the Company will be August 31, 2011 with a commitment to remain as the Company's Chief Executive Officer and President for a period of two years or until a successor has been appointed to the position of Chief Executive Officer and President. Your annual salary will be \$1,500,000, payable in accordance with the Company's standard payroll practice and subject to applicable withholding taxes.

You will be entitled, during the term of your employment, to such vacation, medical and other employee benefits as the Company may offer from time to time, subject to applicable eligibility requirements. The Company reserves the right to make any modifications to this benefits package that it deems appropriate from time to time. In your position as Chief Executive Officer and President, your vacation is flexible, and specific questions are at the discretion of the Chairman of the Board.

The Compensation Committee of our Board of Directors and the Board of Directors approved a restricted stock unit ("RSU") award for the number of shares of our common stock equal to a value of \$1,000,000 based on the closing share price of our common stock on the NASDAQ Global Stock Market on the date of the Board meeting, August 31, 2011. The RSU award will vest in full one-year from the grant date. Your RSU award will be documented by delivery to you of a Restricted Stock Unit Award Notice and Agreement specifying the terms and conditions of the award. In addition the Compensation Committee of our Board of Directors and the Board of Directors approved an option to purchase 25,000 shares of the Company's common stock at an exercise price to be determined based on the closing share price of our common stock on the NASDAQ Global Stock Market on August 31, 2011. The option will vest in full the earlier of (a) two years from the date of grant or (b) termination of your employment by the Company without cause or your retirement from the Company in connection with the appointment of a new Chief Executive



**SEPARATION AGREEMENT AND RELEASE**

This Separation Agreement and Release ("Agreement") is made by and between Malcolm Unsworth ("Executive") and Itron, Inc. (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party").

**RECITALS**

WHEREAS, Executive is employed by the Company;

WHEREAS, Executive and the Board of the Directors of the Company agreed that Executive would retire from the Company and Executive's last day of employment with the Company was August 31, 2011 (the "Separation Date"); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

**COVENANTS**

1. Consideration. Subject to the Agreement being effective and irrevocable, the Company agrees (a) to pay Executive all accrued salary, vacation pay, or amounts previously earned by Executive that were deferred, less legally required and authorized withholdings; (b) to make twelve monthly payments to Executive in the amount of \$64,375, less legally required and authorized withholdings, with such payments to be made on the last business day of every month beginning on September 30, 2011 and ending on August 31, 2012 (the "Severance Payments"), (c) to treat Executive's equity awards from the Company as appropriate in light of Executive's retirement from the Company in accordance with the terms of the applicable Stock Agreements, which are identified in Schedule 1 of this Agreement, and (d) to make payments to Executive on a pro-rata basis for the amount or awards, if any, Executive would have otherwise been entitled under the Company's Executive Management Incentive Plan or Long Term Performance Plan in light of Executive's retirement from the Company. Executive acknowledges and agrees that the consideration provided to him hereunder fully satisfies any obligation that the Company had to pay Executive's wages or any other compensation for any of the services that Executive rendered to the Company. The Severance Payments described in this paragraph are expressly contingent upon Executive's full compliance with the terms of this Agreement. Should Executive fail to fully comply with any of the terms of the Agreement, the Severance Payments will immediately cease, Executive shall forfeit rights to any future Severance Payments and Executive shall immediately return to the Company any Severance Payments already made.

2. Stock. Executive has been a participant in the Company's stock incentive plans. A schedule of all outstanding awards is set forth in Schedule 1. All such awards shall be governed by the terms and conditions of the applicable Stock Agreements.

3. Benefits. Executive's health insurance benefits shall cease on the last day of August, 2011, subject to Executive's right to continue his health insurance under COBRA. Executive's participation in all benefits and incidents of employment, including, but not limited to, vesting in stock options, and the accrual of bonuses, vacation, and paid time off, ceased as of the Separation Date.

4. Payment of Salary and Receipt of All Benefits. Executive acknowledges and represents that, other than the consideration set forth in this Agreement, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, leave, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation (other than distribution of Executive's Company Incentive Savings Plan balance, which is 100% vested) due to Executive. Executive further acknowledges and represents that he has received any leave to which he was entitled or which he requested, if any, under the Family Medical Leave Act, and that he did not sustain any workplace injury, during his employment with the Company.

5. Release of Claims. Executive agrees that payment of the amounts set forth in Section 1 hereof and Executive's receipt of the benefits of the Company stock incentive plans and Incentive Savings Plan identified in Sections 2 and 4 hereof, respectively, represent settlement in full of all outstanding obligations owed to Executive by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"), and subject to such payment and receipt. Executive, on his own behalf and on behalf of his respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

- d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act, except as prohibited by law; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act, except as prohibited by law; the Sarbanes-Oxley Act of 2002; any of the laws of the state of Washington, including, but not limited to, RCW 49 *et seq.*, except as prohibited by law; and any of the laws of the state of Washington (or any other applicable jurisdiction) that are subject to release, including any and all amendments thereto and regulations thereunder;
- e. any and all claims for violation of the federal or any state constitution;
- f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;
- g. any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement; and
- h. any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that any such filing or participation does not give Executive the right to recover any monetary damages against the Company; Executive's release of claims herein bars Executive from recovering such monetary relief from the Company).

6. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that he has been advised by this writing that: (a) he should consult with an attorney prior to executing this Agreement; (b) he has twenty-one (21) days within which to consider this Agreement; (c) he has seven (7) days following his execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by

federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21-day period identified above, Executive hereby acknowledges that he has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. The Parties agree that any changes made in the course of negotiating the terms of this Agreement will not restart the running of the 21-day period.

7. Unknown Claims. Executive acknowledges that he has been advised to consult with legal counsel and that he is familiar with the principle that a general release does not extend to claims that the releaser does not know or suspect to exist in his favor at the time of executing the release, which, if known by him, must have materially affected his settlement with the releasee. Executive, being aware of said principle, agrees to expressly waive any rights he may have to that effect, as well as under any other statute or common law principles of similar effect.

8. No Pending or Future Lawsuits. Executive represents that he has no lawsuits, claims, or actions pending in his name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Executive also represents that he does not intend to bring any claims on his own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

9. Application for Employment. Executive understands and agrees that, as a condition of this Agreement, Executive shall not be entitled to any employment with the Company, and Executive hereby waives any right, or alleged right, of employment or re-employment with the Company.

10. Confidentiality. Executive agrees to maintain in complete confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Separation Information"). Except as required by law, Executive may disclose Separation Information only to his immediate family members, the Court in any proceedings to enforce the terms of this Agreement, Executive's undersigned counsel, and Executive's accountant and any professional tax advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment or to prepare tax returns, and must prevent disclosure of any Separation Information to all other third parties. Executive agrees that he will not publicize, directly or indirectly, any Separation Information.

Executive acknowledges and agrees that the confidentiality of the Separation Information is of the essence. The Parties agree that if the Company proves that Executive breached this Confidentiality provision, the Company shall be entitled to an award of its costs spent enforcing this provision, including all reasonable attorneys' fees associated with the enforcement action, without regard to whether the Company can establish actual damages from Executive's breach, except to the extent that such breach constitutes a legal action by Executive that directly pertains to the ADEA. Any such individual breach or disclosure shall not excuse Executive from his obligations hereunder, nor permit him to make additional disclosures. Executive warrants that he has not disclosed, orally or in writing, directly or indirectly, any of the Separation Information to any unauthorized party.

11. Trade Secrets and Confidential Information/Company Property. Executive shall maintain in confidence and not disclose to any person or entity, other than employees of ITRON, or use any Confidential Information, except as authorized by ITRON. Further, Executive will not

use any Confidential Information received by ITRON from a third party in any manner inconsistent with any agreement between ITRON and such third party of which he is made aware. Executive acknowledges that all memoranda, notes, documents, drawings, specifications, software, media and other materials containing any Confidential Information are the exclusive property of ITRON and he will deliver to ITRON all such material in my possession or control upon ITRON's request. Executive reaffirms and agrees to observe and abide by the terms of any confidentiality agreement he signed with the Company, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, and non-solicitation of Company employees. For purposes of this Agreement, "Confidential Information" means any information that (a) relates to the business of the Company, (b) is not generally available to the public, and (c) is conceived, compiled, developed, discovered or received by, or made available to, Executive during the course of Executive's employment with the Company, whether solely or jointly with others, and whether or not while engaged in performing work for the Company. Confidential Information includes information, both written and oral, relating to inventions, trade secrets and other proprietary information, technical data, products, services, finances, business plans, marketing plans, legal affairs, suppliers, clients, prospects, opportunities, contracts or assets of the Company. Confidential Information also includes any information which has been made available to the Company by or with respect to third parties and which the Company is obligated to keep confidential.

12. No Cooperation. Executive agrees that he will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or as related directly to any ADEA waiver in this Agreement. Executive agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Executive shall state no more than that he cannot provide counsel or assistance.

13. Non-Disparagement. Executive agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. Executive shall direct any inquiries by potential future employers to the Company's human resources department, which shall use its best efforts to provide only the Executive's last position and dates of employment.

14. Breach. Executive acknowledges and agrees that any material breach of this Agreement, unless such breach constitutes a legal action by Executive challenging or seeking a determination in good faith of the validity of any waiver herein under the ADEA, shall entitle the Company immediately to recover and/or cease providing the consideration provided to Executive under this Agreement, except as provided by law. Except as provided by law, Executive shall also be responsible to the Company for all costs, attorneys' fees, and any and all damages incurred by the Company in (a) enforcing Executive's obligations under this Agreement or the Confidentiality Agreement, including the bringing of any action to recover the consideration, and (b) defending against a claim or suit brought or pursued by Executive in violation of the terms of this Agreement.

15. Ongoing Cooperation. Executive agrees to provide reasonably prompt cooperation in signing documents that may be required as a result of his retirement from the Company as it

relates to resignation from other Company subsidiaries for which he may be an officer or director.

16. No Admission of Liability. Executive understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Executive. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Executive or to any third party.

17. Nonsolicitation and Noncompetition.

a. For one year following the Separation Date, Executive will not induce, or attempt to induce, any employee or independent contractor of the Company to cease such employment or relationship to engage in, be employed by, perform services for, participate in the ownership, management, control or operation of, or otherwise be connected with, either directly or indirectly, any Competing Business (defined below). For purposes of this Agreement, "Competing Business" means any business whose efforts are in competition with the efforts of the Company. A Competing Business includes any business whose efforts involve any research and development, products or services in competition with products or services which are, as of the Separation Date, either (a) produced, marketed or otherwise commercially exploited by the Company or (b) in actual research or development by the Company, or (c) planned for future research and development, as demonstrated by objective evidence, such as budget allocations, work assignments, hiring decisions, planning documents, or other similar documentation.

b. For one year following the Separation Date, Executive agrees (except on behalf of or with the prior written consent of the Company) that Executive will not, directly or indirectly (a) solicit, divert, appropriate to or accept on behalf of any Competing Business, or (b) attempt to solicit, divert, appropriate to or accept on behalf of any Competing Business, any business from any customer or actively sought prospective customer of the Company with whom Executive has dealt, whose dealings with the Company have been supervised by Executive or about whom Executive has acquired Confidential Information in the course of Executive's employment.

c. For one year following the Separation Date, Executive will not engage in, be employed by, perform services for, participate in the ownership, management, control or operation of, or otherwise be connected with, either directly or indirectly, any Competing Business. For purposes of this paragraph, Executive will not be considered to be connected with any Competing Business solely on account of my ownership of less than five percent of the outstanding capital stock or other equity interests in any corporation, partnership, trust, association, governmental authority, educational institution, individual or other entity carrying on the Competing Business.

d. "Competing Business" means any business whose efforts are in competition with the efforts of the Company. A Competing Business includes any business whose efforts involve any research and development, products or services in competition with products or services which are, as of the Separation Date, either (a) produced, marketed or otherwise commercially exploited by the Company or (b) in actual research or development by the Company, or (c) planned for future research and development, as demonstrated by objective evidence, such as budget allocations, work assignments, hiring decisions, planning documents, or other similar documentation.

e. Executive agrees that the restrictions of this Section 17 are reasonable, but further agrees that should a court exercising jurisdiction with respect to this Agreement find any such restriction invalid or unenforceable due to unreasonableness, either in period of time, geographical area, or otherwise, then in that event, such restriction is to be interpreted and enforced to the maximum extent which such court deems reasonable.

18. Indemnification. In consideration of his execution of this Release, the Company agrees to indemnify and hold Executive harmless against any claim, loss, penalty, or other expense (including reasonable attorney's fees) brought by or on behalf of any person or entity and arising from or relating to his employment by or his service as an officer or director of the Company, except to the extent such indemnification is prohibited by applicable law. Such indemnification obligation shall include, without limitation, any tax-related liabilities, arising in relation to Executive's period of employment and residence in Belgium, in pursuit of the Company's business.

19. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

20. ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, AND ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN SPOKANE COUNTY, WASHINGTON, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES, INC. ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH WASHINGTON LAW, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL WASHINGTON LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH WASHINGTON, WASHINGTON LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY

OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

21. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Executive or made on his behalf under the terms of this Agreement. Executive agrees and understands that he is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Executive further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of (a) Executive's failure to pay or the Company's failure to withhold, or Executive's delayed payment of, federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

22. Section 409A. This Agreement and all payments and benefits hereunder are intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the final Treasury Regulations and official IRS guidance thereunder (collectively, "Section 409A") to the maximum extent possible, whether pursuant to Treasury Regulations Section 1.409A-1(b)(4), Treasury Regulations Section 1.409A-1(b)(9)(iii), or otherwise. To the extent Section 409A applies to this Agreement (or such payments or benefits), this Agreement and the terms of such payments and benefits are intended to comply with all applicable requirements of Section 409A. This Agreement shall be interpreted and administered consistently with such intent. Each Severance Payment shall be treated as a separate payment for purposes of Section 409A. The Company makes no representations or warranties with respect to any tax consequences of this Agreement under Section 409A or otherwise.

23. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Executive represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

24. No Representations. Executive represents that he has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

25. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

26. Attorneys' Fees. Except with regard to a legal action challenging or seeking a determination in good faith of the validity of any waiver herein under the ADEA, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an

action.

27. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Executive concerning the subject matter of this Agreement and Executive's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Executive's relationship with the Company, with the exception of the Stock Agreements.

28. Assignment. This Agreement may not be assigned to a third party by Executive without the express, prior written approval of Company. The Company may assign this Agreement (a) to any corporation resulting from any merger, consolidation or other reorganization to which the Company is a party; (b) any corporation, partnership, association or other person to which the Company may transfer all or substantially all of the assets and business of the Company existing at such time; or (c) any subsidiary, parent or other affiliate of the Company. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

29. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and the Company's Chief Executive Officer.

30. Governing Law. This Agreement shall be governed by the laws of the State of Washington, without regard for choice-of-law provisions. Executive consents to personal and exclusive jurisdiction and venue in the State of Washington.

31. Effective Date. Executive has seven (7) days after he signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Executive signs this Agreement, so long as it has not been revoked by Executive before that date (the "Effective Date").

32. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

33. Voluntary Execution of Agreement. Executive understands and agrees that he executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of his claims against the Company and any of the other Releasees. Executive acknowledges that:

- (a) He has read this Agreement;
- (b) He has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his own choice or has elected not to retain legal counsel;
- (c) He understands the terms and consequences of this Agreement and of the releases it contains; and
- (d) He is fully aware of the legal and binding effect of this Agreement.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

**MALCOLM UNSWORTH, an individual**

Dated: September 7, 2011

/S/ MALCOLM UNSWORTH

Malcolm Unsworth

**ITRON, INC.**

Dated: September 7, 2011

By

/S/ STEVEN M. HELMBRECHT

Name:

Steven M. Helmbrecht

Title:

Sr. Vice President and Chief Financial Officer

Schedule 1-Stock Plan Agreements

Schedule 1-- Unsworth Stock Agreements

Outstanding Stock Options

<u>Date Granted</u>	<u>Type</u>	<u>Price</u>	<u># Outstanding</u>	<u>Vesting</u>	<u>Expiration Date</u>
1-Jul-04	ISO	\$22.74	4,397	Vested	31-Aug-12
3-May-05	ISO	\$37.40	2,673	Vested	31-Aug-12
7-Aug-06	ISO	\$48.51	2061	Vested	31-Aug-12
7-Aug-06	NQ	\$48.51	17,939	Vested	31-Aug-12
14-May-07	ISO	\$67.43	1,483	Vested	31-Aug-12
14-May-07	NQ	\$67.43	18,517	Vested	31-Aug-12
5-May-08	ISO	\$95.78	1,044	Vested	31-Aug-12
5-May-08	NQ	\$95.78	28,956	Vested	31-Aug-12
13-Feb-09	NQ	\$57.96	33,334	Per below	
			11,112	Vested	31-Aug-14
			11,111	Vested	31-Aug-14
			11,111	13-Feb-09	Forfeit
13-Feb-09	ISO	\$57.96	1,725	Per below	
			575	Vested	31-Aug-14
			575	Vested	31-Aug-14
			575	13-Feb-12	Forfeit
13-Feb-09	NQ	\$57.96	14,941	Per below	
			4,981	Vested	31-Aug-14
			4,980	Vested	31-Aug-14
			4,980	13-Feb-12	Forfeit
12-Feb-10	NQ	\$61.34	25,900	Per below	
			9,176	Vested	31-Aug-14
			9,177	12-Feb-12	Forfeit
			7,547	12-Feb-13	Forfeit
12-Feb-10	ISO	\$61.34	1,630	Per below	
			544	Vested	31-Aug-14
			543	12-Feb-12	Forfeit
			543	12-Feb-13	Forfeit
25-Feb-11	NQ	\$56.97	26,455	Per below	
			9,403	25-Feb-12	Forfeit
			9,403	25-Feb-13	Forfeit
			7,649	25-Feb-14	Forfeit
25-Feb-11	ISO	\$56.97	1,755	25-Feb-14	Forfeit

Time Based RSUs

<u>Grant Date</u>	<u>Total Shares</u>	<u>Vesting</u>	<u>Date of Vest</u>	<u>Status</u>	<u>Distribution</u>
12-Feb-10	11,050	3,683	12-Feb-11	Vested	Complete
		3,683	12-Feb-12	Unvested	Forfeit
		3,684	12-Feb-13	Unvested	Forfeit
25-Feb-11	12,000	4,000	25-Feb-12	Unvested	Forfeit
		4,000	25-Feb-13	Unvested	Forfeit
		4,000	25-Feb-14	Unvested	Forfeit

LTPP RSUs

<u>Grant Date</u>	<u>Total</u>	<u>Vesting Date</u>	<u>Status</u>	<u>Distribution</u>
12-Feb-09	3,715	Prorated to August 31, 2011	3,304 vested 411 forfeit	31-Dec-11
12-Feb-10	44,200	31-Aug-11	44,200 vested	14,732 on December 31, 2011 14,734 on December 31, 2012 14,734 on December 31, 2013
25-Feb-11	24,000*	TBD	TBD	TBD

\* Malcolm is a participant in the 2011 LTPP Plan. If an award is earned, he will be rewarded 8/12th of the awards. It will vest ratably over 3 years starting December 31, 2012 if an award is earned. Malcolm's shares at "target" are 24,000 RSUs. It could range from 0-48,000 shares.

FOR IMMEDIATE RELEASE

**ITRON APPOINTS LEROY NOSBAUM AS PRESIDENT  
AND CHIEF EXECUTIVE OFFICER**

***40-Year Industry Veteran Formerly Served as Itron Chairman and CEO; Brings Extensive Leadership and Management Experience***

LIBERTY LAKE, Wash. - August 31, 2011 - Itron Inc. (NASDAQ: ITRI) announced today that LeRoy D. Nosbaum, 65, has been appointed president and chief executive officer, effective immediately. Mr. Nosbaum has also been appointed to the company's board of directors. Mr. Nosbaum previously served as Itron's chairman and chief executive officer and brings over 40 years of relevant industry experience.

Mr. Nosbaum succeeds Malcolm Unsworth who has retired as Itron's president, chief executive officer and a member of the board of directors.

Mr. Nosbaum first joined Itron in March 1996. He was named chief executive officer of Itron in 2000 and held the position of chairman and chief executive officer from 2002 to 2009.

“Our board is excited to welcome LeRoy back to Itron and believes he is the right person to lead the company through its next phase of growth and development,” said Jon E. Eliassen, chairman of the board of directors. “LeRoy is a proven leader who obviously knows our business exceptionally well. Under LeRoy's leadership, the company grew revenues ten-fold, from \$193 million in 1999 to more than \$1.9 billion in 2008. LeRoy has made countless contributions to Itron's growth and success and we are pleased to have him back at the helm.”

Mr. Nosbaum said, “I am delighted to rejoin Itron, a company that I know well and believe has outstanding potential. Itron is a great company with industry-leading products and technologies, exceptional employees and valuable customer relationships. It is an honor to once again be a part of the Itron team. I look forward to working with the board, management and talented employees to further the company's goals and position Itron to achieve its full potential.”

Eliassen added, “We thank Malcolm for his many valuable contributions during his long service with Itron. Malcolm played an important role in building Itron's industry leadership position and growing our presence internationally. We wish him all the best in his retirement.”

Prior to joining Itron, Mr. Nosbaum held various leadership positions at Metricom from 1989 to 1996. Prior to that, he spent 20 years with Schlumberger and Sangamo Electric in a variety of executive and management positions. He earned an undergraduate degree in electrical engineering from Valparaiso University. Mr. Nosbaum currently serves on the board of directors of Esterline Technologies Corporation and Quanex Building Products.

About Itron:

At Itron, we're dedicated to delivering end-to-end smart grid and smart distribution solutions to electric, gas and water utilities around the globe. Our company is the world's leading provider of smart metering, data collection and utility software systems, with nearly 8,000 utilities worldwide relying on our technology to optimize the delivery and use of energy and water. Our offerings include electricity, gas, water and heat meters; network communication technology; collection systems and related software applications; and professional services. To realize your smarter energy and water future, start here: [www.itron.com](http://www.itron.com).

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