Itron

Knowledge to Shape Your Future

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Itron North America

US Chamber of Commerce
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About Itron

- Market Leader in Automation

- Leading Worldwide Supplier of Meters

- Leading Software Provider for Meter Data Collection

- Manufacturing Expertise

- Financial Strength

- Global Strategy

We Offer End-to-End Solutions

Electric Meter

Gas Meter

Water Meter
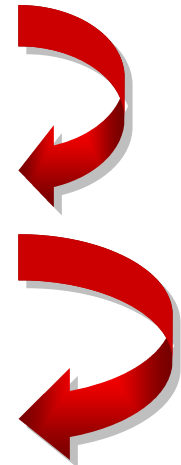
Handheld

AMI

ZigBee™

OpenWay CENTRON® Meter

AMR

Create

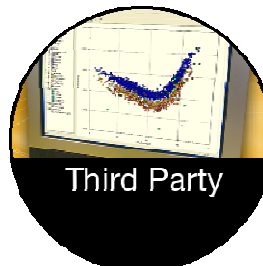**Collect**

Data Management
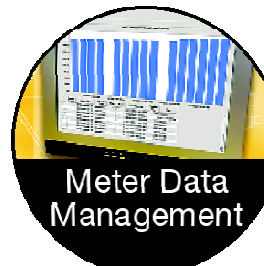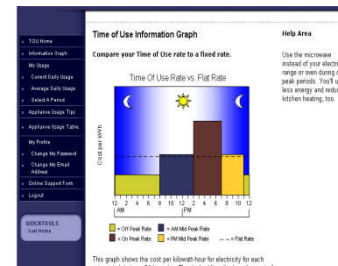
Manage

Data Utilization

Business Systems

Distribution Operations

Third Party

Meter Data Management

Utilize

Revenue and Operating Income Growth

(in millions)
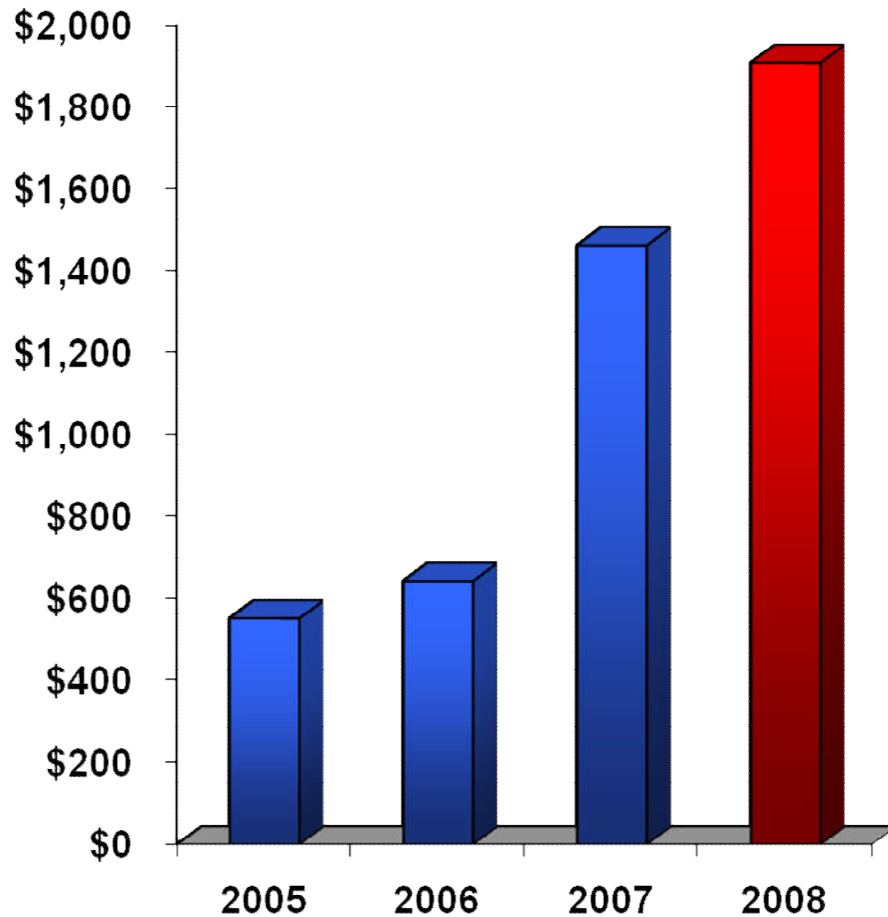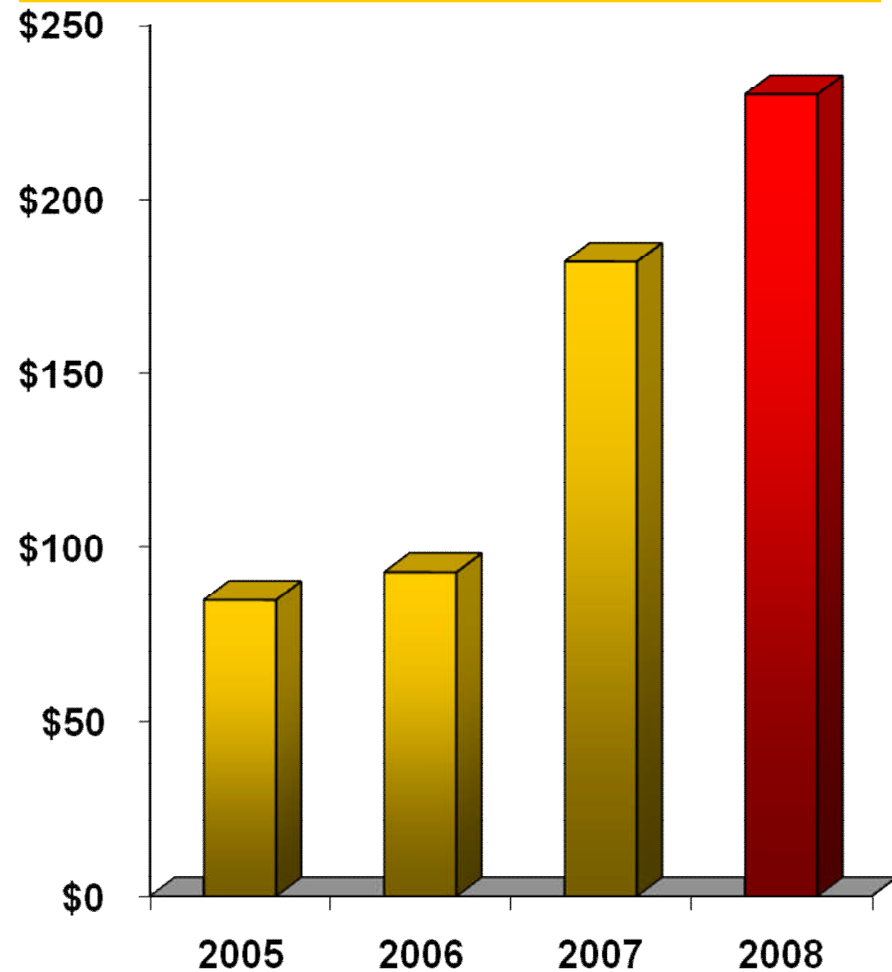
2007 results include Actaris from April 18, 2007.

Strong EBITDA and Cash Flow

(in millions)

EBITDA

Cash Flow from Operations

2007 results include Actaris from April 18, 2007 and YTD 2008 results include Actaris.

2008 Revenue

By Operating Segment

By Geography

INA
33%

Actaris
67%

Other
17%

Europe
49%

US &
Canada
33%
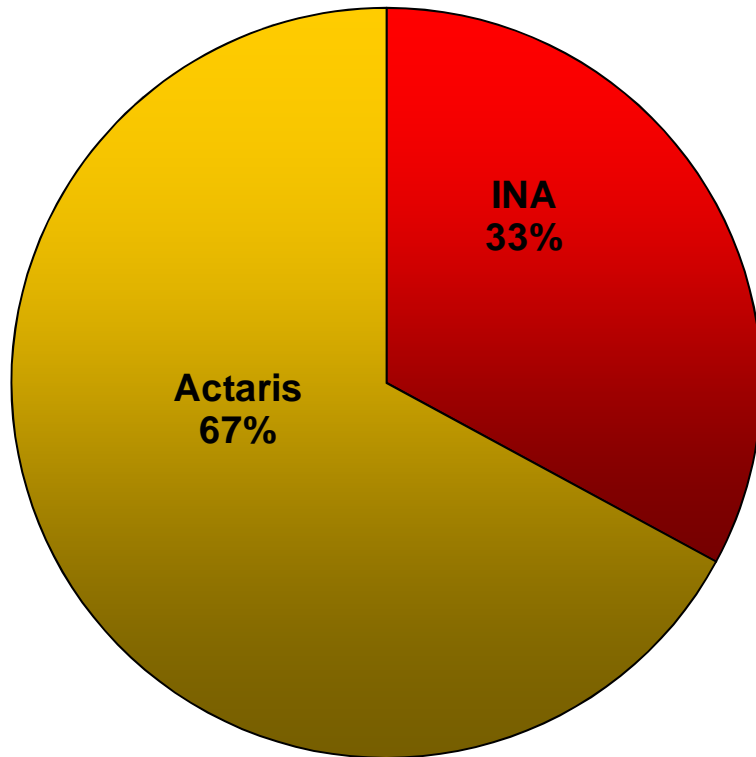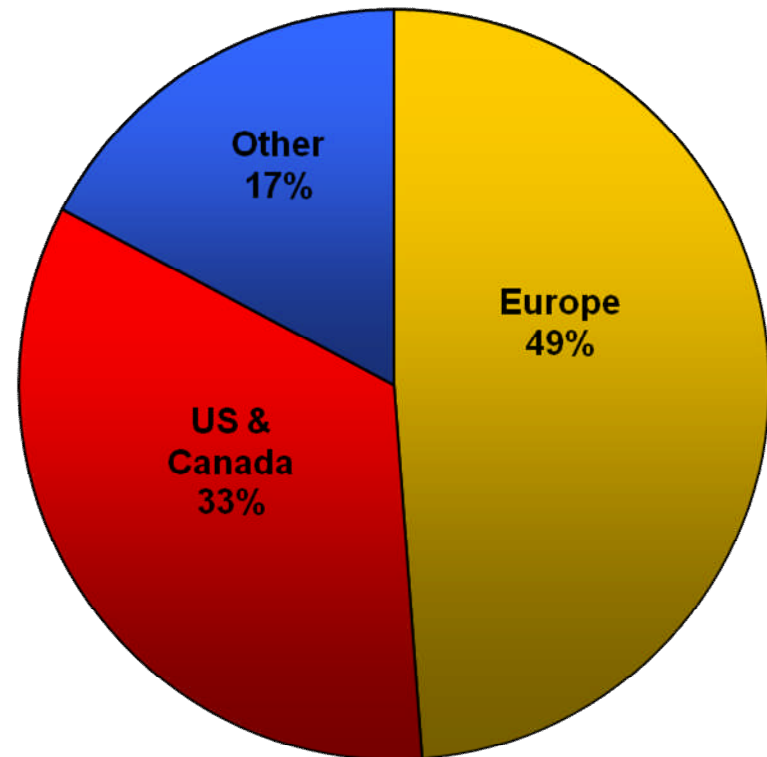
Total revenue $1.91 billion

Itron North America at a Glance
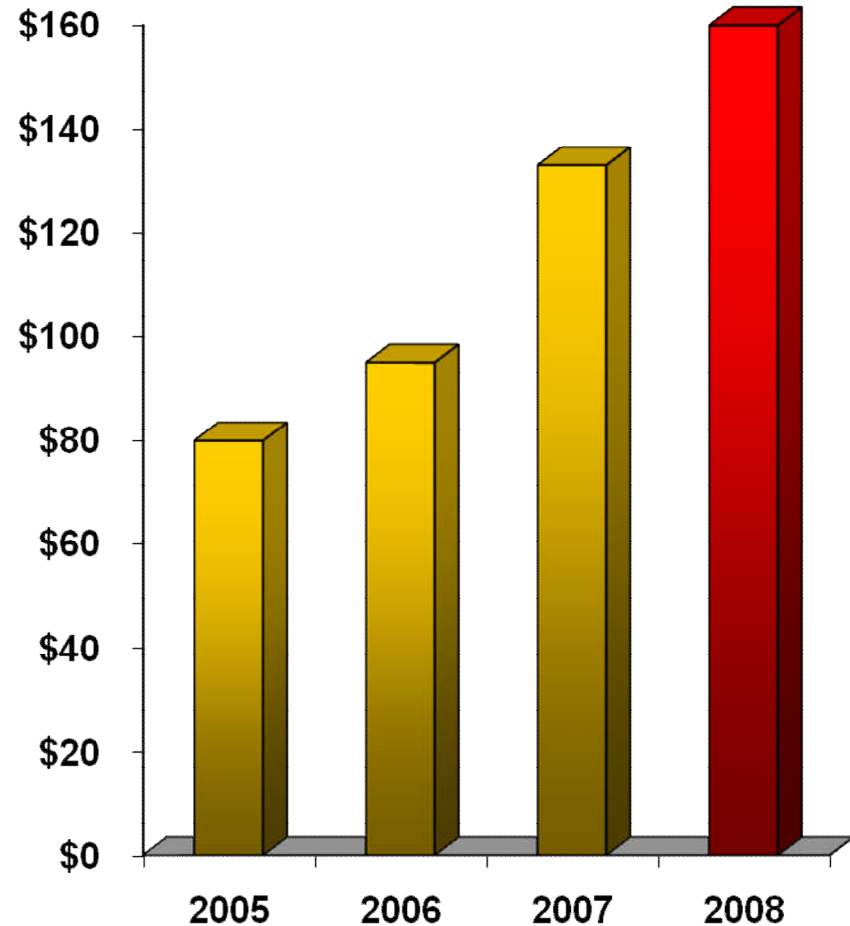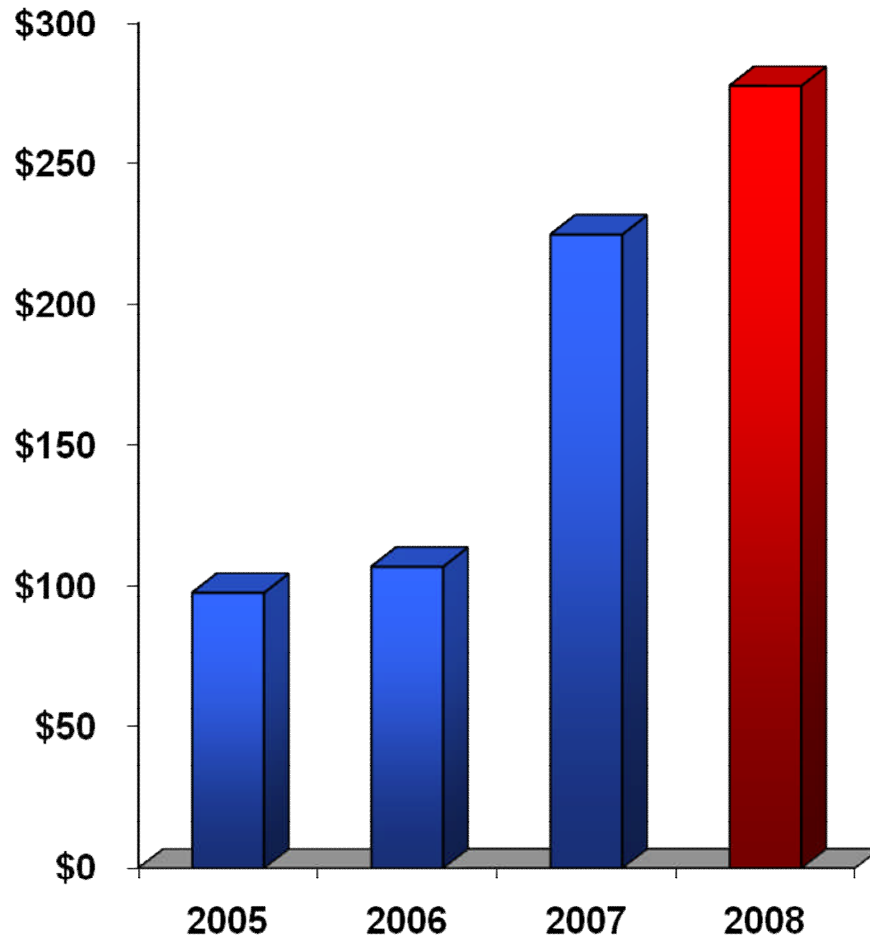
- Operations: Primarily North America

- Customers: 3,000

- Employees: 2,800

- Products: Meters / Handheld Meter Reading / AMR / AMI / Software / Services and Consulting

- Manufacturing: Oconee, SC / Waseca, MN

- Revenue: $697 million in 2008 *

- AMR: Market Leader > 50% or 60 million

- Meters: Solid State Electric Meters > 25 million

Global Industry Dynamics/Exciting Opportunity

← THE PAST	CHANGE: 1990 - 2006	OPPORTUNITY: 2007 →
New and Replacement Meters	**Automated Meter Reading (AMR)**	**Advanced Metering Infrastructure (AMI)**
▪ Limited innovation	▪ Driven by improving operations and cost reductions	▪ Environmental concerns and conservation reaction
▪ New housing starts	▪ Higher price point	▪ Legislation/regulation
▪ Replacement cycles	▪ Additional products and services	▪ Avoided costs of building generation or transmission
▪ Electromechanical upgrade to solid state	▪ Drives AMR meter and module growth	▪ Efficiency gains
▪ Steady predictable growth	▪ Prepaid meters	▪ Ability to shave peak load

Smart Grid: the vision

Plug In cars

Energy management

Demand response, conservation

Price response

Direct load control

Simple awareness

Going "green"

Participation in energy markets
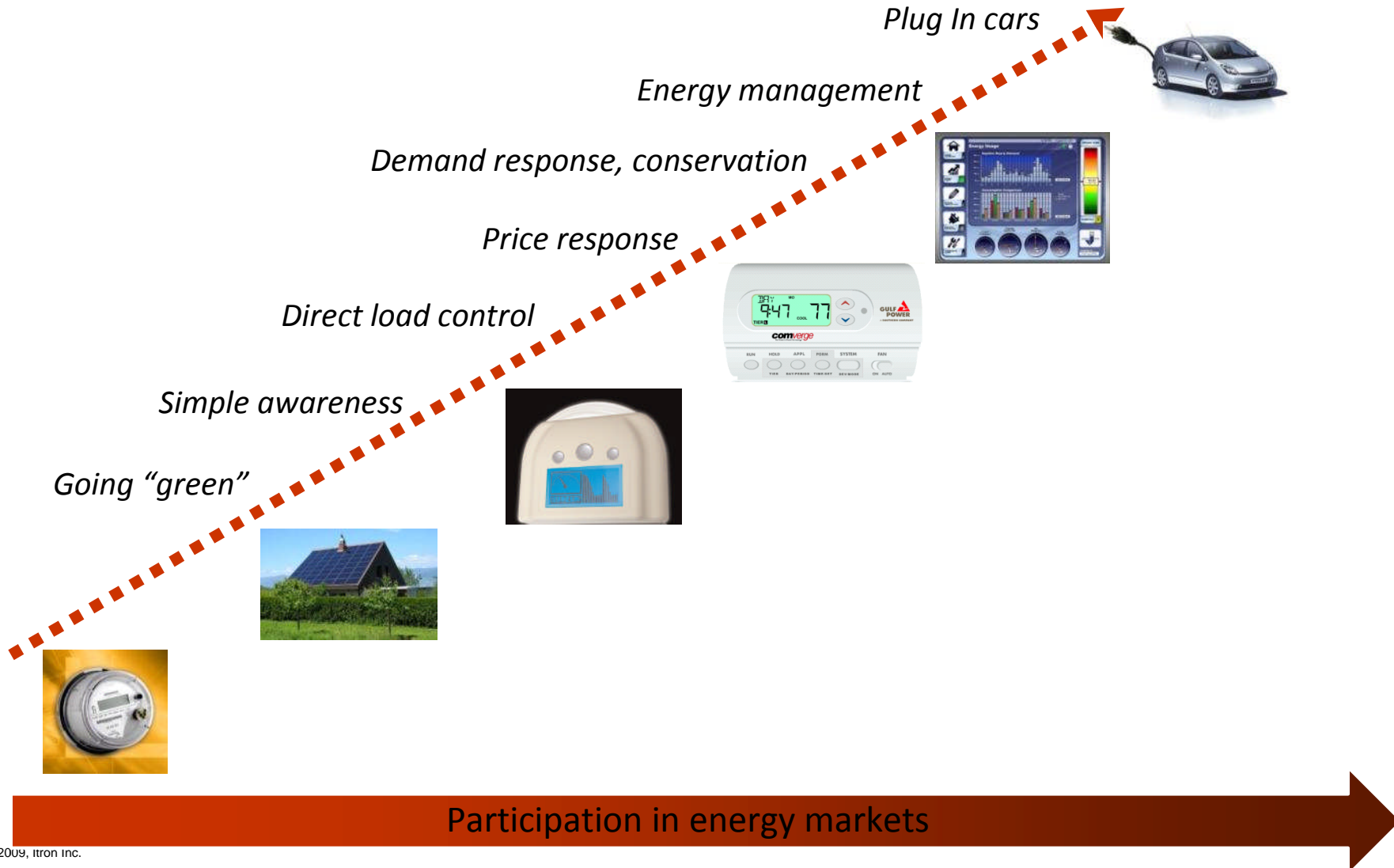
OpenWay® Capabilities

- Firmware downloadable to the meter
- Remote connect/disconnect and remotely programmable load limiting switch
- HAN: Local connectivity to remote devices (ZigBee®)
- Remote device configuration/ firmware and feature updates
- Interval data reads
- 4 Channels Interval Data stored in the meter
- On-demand reads
- Demand reset
- CPP/TOU rate updates
- Demand response
- Tamper/theft
- Voltage
- Net Metering
- Outage/restoration
- Security architecture

To build the Smart Grid

Technology must be

- Durable

- Secure

- Interoperable and multi-vendor

- Upgradeable and extensible

# To build the Smart Grid

Business climate must support

- Cost-justification based on current applications
- Enduring, enabling policy

Evolving technology

Federal Legislation – AMI/Smart Grid

- **2005 – Energy Policy Act**
  - > *"It is the policy of the United States to encourage time-based pricing and other forms of demand response…"*
  - > Time-based Metering Standard (but not mandated)

- **2007 – Energy Independence Act**
  - > *"It is the policy of the U.S. to support the modernization of the Nation's electricity system (i.e. smart grid)…"*
  - > National Demand Response Assessment and Action Plan (FERC)
  - > Framework for Interoperability Standards (NIST)

- **2008 – Emergency Economic Stabilization Act**
  - > Depreciation schedule for smart meters and smart infrastructure accelerated from 20 to 10 years
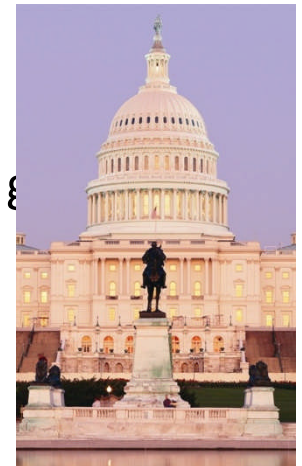
American Recovery and Reinvestment Act

> ## New Appropriations

- $4.5 billion appropriated to modernize the grid, including smart meters and demand response equipment
- Funding two key provisions from EISA'07 – potential for up to 50% matching grants (upfront not reimbursed):
  – Section 1304 – Regional demonstration projects
  – Section 1306 – Federal matching funds

> ## Tax Incentives

- 50% special depreciation allowance on qualifying utility property extended through 2009
- 30% investment tax credit for advanced energy project, including property designed to produce energy conservation technologies, include smart grid

> ## Water

- $6 billion for local clean and drinking water infrastructure improvements

There has never been a better time to be
in this industry!
Let's keep moving forward.

Questions?