

ITRON INC /WA/

FORM 8-K (Current report filing)

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**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**

Date of report (Date of earliest event reported): January 3, 2018

ITRON, INC.

(Exact name of registrant as specified in its charter)

Washington
*(State or Other Jurisdiction of
Incorporation)*

000-22418
(Commission File Number)

91-1011792
*(IRS Employer Identification
Number)*

2111 N. Molter Road, Liberty Lake, WA 99019
(Address of principal executive offices including zip code)

(509) 924-9900
(Registrant's telephone number, including area code)

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 (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On January 5, 2018, pursuant to the previously announced Agreement and Plan of Merger, dated as of September 17, 2017 (the “Merger Agreement”), by and among Itron, Inc., a Washington corporation (“Itron”), Silver Spring Networks, Inc., a Delaware corporation (“Silver Spring”), and Ivory Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of Itron (“Acquisition Sub”), Acquisition Sub was merged with and into Silver Spring, with Silver Spring continuing as the surviving corporation (the “Merger”). At the effective time of the Merger (the “Effective Time”), Silver Spring became a wholly-owned subsidiary of Itron. Effective as of the Effective Time, Silver Spring changed its name to “Itron Networked Solutions, Inc.”

Pursuant to the Merger Agreement, each share of common stock, par value \$0.001 per share, of Silver Spring (each, a “Silver Spring Share”) that was outstanding as of immediately prior to the Effective Time, other than Silver Spring Shares held by stockholders who have validly exercised their appraisal rights under Delaware law, Silver Spring Shares held by Itron, Acquisition Sub and Silver Spring or their respective subsidiaries or Silver Spring Shares subject to outstanding restricted stock awards and performance stock units, was converted into the right to receive \$16.25 in cash (the “Merger Consideration”), without interest thereon.

At the Effective Time, each option to purchase Silver Spring Shares that was outstanding as of immediately prior to the Effective Time (each, a “Silver Spring Option”) was treated as follows.

- Each unvested Silver Spring Option that had a per share exercise price that was less than the Merger Consideration, and that was held by a current service provider (other than a non-employee member of the board of directors of Silver Spring), was assumed by Itron at the Effective Time and was converted into and became an option to acquire common stock, no par value, of Itron (“Itron Share”) (each such option, an “Adjusted Option”), on the same material terms and conditions as were applicable under the corresponding Silver Spring Option immediately prior to the Effective Time. The number of Itron Shares subject to each Adjusted Option was determined by multiplying the number of Silver Spring Shares subject to such corresponding Silver Spring Option by the quotient obtained by dividing (i) the Merger Consideration by (ii) a volume-weighted average of the trading prices of Itron Shares for ten trading days preceding (and including) January 5, 2018 (the “Exchange Ratio”). The per share exercise price for Itron Shares issuable upon exercise of each Adjusted Option was determined by dividing the applicable per share exercise price of the corresponding Silver Spring Option by the Exchange Ratio.
- Each Silver Spring Option that had a per share exercise price that was less than the Merger Consideration and that either: (i) was vested or (ii) was unvested and held by a non-employee member of the board of directors of Silver Spring, was not assumed by Itron and was cancelled at the Effective Time in exchange for a payment of an amount in cash, less applicable withholding taxes, equal to the product of the (A) aggregate number of Silver Spring Shares subject to such Silver Spring Option multiplied by the (B) excess of the Merger Consideration over the applicable per share exercise price of such vested Silver Spring Option.
- Each Silver Spring Option, whether vested or unvested, that had a per share exercise price that was equal to or greater than the Merger Consideration, became vested and exercisable by the holder thereof and, each such Silver Spring Option was, to the extent not exercised as of the Effective Time, cancelled at the Effective Time with no payment made therefor.

At the Effective Time, each Silver Spring restricted stock unit award that was outstanding as of immediately prior to the Effective Time (each, a “Silver Spring RSU”) was treated as follows.

- Each unvested Silver Spring RSU that was held by a current service provider (other than Silver Spring RSUs held by a non-employee member of the board of directors of Silver Spring) was assumed by Itron at the Effective Time and converted into a restricted stock unit to receive, on substantially the same terms and conditions as were previously applicable to such Silver Spring RSU, a number of Itron Shares equal to the number of Silver Spring Shares that were subject to such Silver Spring RSU multiplied by the Exchange Ratio (each, an “Adjusted RSU”).
 - Each vested Silver Spring RSU and each unvested Silver Spring RSU held by a non-employee member of the board of directors of Silver Spring was not assumed by Itron and at the Effective Time was converted into the right to receive the Merger Consideration in cash, less applicable withholding taxes, for each Silver Spring Share subject to such Silver Spring RSU.
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At the Effective Time, each Silver Spring performance stock unit award (each, a “Silver Spring PSU”) that was outstanding as of immediately prior to the Effective Time was treated as follows.

- Each Silver Spring PSU granted during 2015 (each, a “Silver Spring 2015 PSU”) that was outstanding as of immediately prior to the Effective Time terminated without the payment of any consideration therefor and the holders of such terminated Silver Spring 2015 PSUs ceased to have any rights with respect thereto.
- For each Silver Spring PSU granted during 2017 (each, a “Silver Spring 2017 PSU”), that was outstanding as of immediately prior to the Effective Time, the performance conditions were deemed satisfied at 100% of the target level of achievement and (i) the portion of each such Silver Spring 2017 PSU that was outstanding and unvested as to service-based vesting conditions was treated as an Adjusted RSU, and (ii) the portion of each Silver Spring 2017 PSU that was outstanding and vested as to both performance conditions and service-based conditions was cancelled and automatically converted at the Effective Time into the right to receive the Merger Consideration in cash, less applicable withholding taxes, for each Silver Spring Share subject to such fully-vested Silver Spring 2017 PSU.

The aggregate total purchase price (net of acquired cash) paid by Itron pursuant to the Merger Agreement was approximately \$830 million. The transaction was funded from cash on hand, the net proceeds from Itron’s private offering of \$300 million in aggregate principal amount of 5.000% senior notes due 2026, and the refinancing of Itron’s existing \$650 million term loan facility.

The foregoing description of the Merger Agreement and the Merger is only a summary, does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which was filed as Exhibit 2.1 to Itron’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on September 18, 2017, and which is incorporated herein by reference.

Item 8.01 Other Events.

On January 3, 2018, Itron and Silver Spring issued a joint press release announcing that, at a special meeting of the stockholders of Silver Spring, Silver Spring’s stockholders voted in favor of a proposal to adopt the Merger Agreement and approve the Merger, which is filed as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

On January 5, 2018, Itron issued a press release announcing the completion of the Merger, which is filed as Exhibit 99.2 to this Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

Itron intends to file the pro forma financial information required by Item 9.01(b) as an amendment to this Current Report on Form 8-K no later than 71 days after the required filing date for this Current Report on Form 8-K.

(d) Exhibits

Exhibit No.	Exhibit Description
99.1	Joint Press Release, dated January 3, 2018
99.2	Joint Press Release, dated January 5, 2018

SIGNATURES

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.

Date: January 5, 2018

ITRON, INC.

By: /s/ Shannon Votava
Shannon Votava
Senior Vice President, General Counsel and
Corporate Secretary

EXHIBIT INDEX

Exhibit No.	Exhibit Description
99.1	Joint Press Release, dated January 3, 2018
99.2	Press Release, dated January 5, 2018

Silver Spring Networks Stockholders Approve Merger with Itron

LIBERTY LAKE, Wash. & SAN JOSE, Calif.--(BUSINESS WIRE)--January 3, 2018--Itron, Inc. (NASDAQ: ITRI) and Silver Spring Networks, Inc. (NYSE: SSNI) today announced that Silver Spring Networks stockholders have approved the previously announced merger with Itron. Silver Spring Networks and Itron expect the transaction to close on or about Jan. 4, 2018.

At the special meeting of stockholders, approximately 68 percent of the outstanding shares of common stock entitled to vote at the meeting voted in favor of the proposal to adopt the merger agreement and approve the merger, based on the preliminary results of voting. The final results of voting will be reported in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission.

About Itron

Itron is a world-leading technology and services company dedicated to the resourceful use of energy and water. We provide comprehensive solutions that measure, manage and analyze energy and water. Our broad product portfolio includes electricity, gas, water and thermal energy measurement devices and control technology; communications systems; software; as well as managed and consulting services. With thousands of employees supporting nearly 8,000 customers in more than 100 countries, Itron applies knowledge and technology to better manage energy and water resources. Together, we can create a more resourceful world. Join us: www.itron.com.

Itron[®] is a registered trademark of Itron, Inc. All third party trademarks are property of their respective owners and any usage herein does not suggest or imply any relationship between Itron and the third party unless expressly stated.

About Silver Spring Networks

Silver Spring Networks enables the Internet of Important Things[™] by reliably and securely connecting things that matter. Cities, utilities, and companies on five continents use the company's cost-effective, high-performance IoT network and data platform to operate more efficiently, get greener, and enable innovative services that can improve the lives of millions of people. With more than 27.3 million devices delivered, Silver Spring Networks provides a proven standards-based platform safeguarded with military grade security. Silver Spring Networks' customers include Baltimore Gas & Electric, CitiPower & Powercor, ComEd, Consolidated Edison, CPS Energy, Florida Power & Light, Pacific Gas & Electric, Pepco Holdings, and Singapore Power. Silver Spring Networks has also deployed networks in Smart Cities including Copenhagen, Glasgow, Paris, Providence, and Stockholm. To learn more, visit www.ssni.com.

Forward Looking Statements

This release contains forward-looking statements within in the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding the expected timing of the completion of the previously announced pending acquisition of Silver Spring Networks by Itron. Statements that include words such as “anticipates,” “expects,” “intends,” “plans,” “predicts,” “believes,” “seeks,” “estimates,” “may,” “will,” “should,” “would,” “potential,” “continue,” “goals,” “targets” and variations of these words (or negatives of these words) or similar expressions of a future or forward-looking nature identify forward-looking statements. In addition, any statements that refer to projections or other characterizations of future events or circumstances, including any underlying assumptions are forward-looking statements. Although we believe the estimates and assumptions upon which these forward-looking statements are based are reasonable, any of these estimates or assumptions could prove to be inaccurate and the forward-looking statements based on these estimates and assumptions could be incorrect. Important factors and uncertainties that could cause actual results to differ materially from those described in these forward-looking statements include, without limitation: uncertainties as to the timing of the transaction; the conditions to the completion of the transaction may not be satisfied; legal proceedings that may be instituted against Itron or Silver Spring Networks and others following announcement of the proposed transaction; and other factors detailed in Silver Spring Networks’ Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) for the fiscal year ended Dec. 31, 2016 and Silver Spring Networks’ other filings with the SEC, which are available at <http://www.sec.gov> and on Silver Spring Networks’ website at www.ssni.com; and other factors discussed in Itron’s Annual Report on Form 10-K filed with the SEC for the year ended Dec. 31, 2016 and Itron’s other filings with the SEC, which are available on Itron’s website at www.itron.com. Itron and Silver Spring Networks assume no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

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Itron Completes Acquisition of Silver Spring Networks to Drive Innovation and Growth in IoT

Industry-defining acquisition advances ability to deliver more value-added services and outcomes-based solutions to utilities and smart cities worldwide

LIBERTY LAKE, Wash.--(BUSINESS WIRE)--January 5, 2018--Itron, Inc. (NASDAQ: ITRI), a world-leading technology and services company dedicated to the resourceful use of energy and water, announced today that it has completed its acquisition of Silver Spring Networks, Inc.

With this acquisition, Itron strengthens its ability to deliver a broader set of solutions, increase the pace of growth and innovation in the smart city and industrial IoT markets, and provide customers with greater choice and flexibility when deploying technology to improve their operations and services.

“The addition of Silver Spring Networks comes at a time when industry dynamics are changing: utilities and cities want to invest in IoT and connectivity to modernize critical infrastructure to reduce operating expenses, enhance services and create new revenue opportunities,” said Philip Mezey, Itron’s president and chief executive officer. “This acquisition enhances Itron’s capabilities and advances our strategy of delivering highly-secure, value-generating solutions for utilities, smart cities and the broader industrial IoT sector.”

By integrating Silver Spring Networks’ platform and solutions, including its smart street light offering, into Itron’s broad portfolio, the combined expertise in delivering smart utility, smart city and industrial IoT solutions provides the industry with an unparalleled offering. With a focus on open-standards platform development for connectivity and automation, alongside a robust partner ecosystem, Itron is ideally positioned to promote a path for adoption of IoT technology and to more reliably, efficiently and securely connect devices that matter.

“This is a tremendous step forward for Itron and our growth as a company,” continued Mezey. “Bringing together our two companies ties directly to Itron’s strategy to deliver valuable outcomes to our customers as they manage the world’s energy and water resources—and build the cities of tomorrow. Together, our strong engineering talent, leading technology and deep domain expertise will unlock incredible innovation, choice and value for customers around the world.”

The legacy Silver Spring Networks business is now a wholly-owned subsidiary of Itron, Inc. and will be integrated and reported as a new business segment, Itron Networked Solutions.

Itron will provide total consolidated company revenue and non-GAAP earnings per share guidance for full-year 2018, inclusive of the addition of Silver Spring Networks, in conjunction with its fourth quarter and full-year 2017 financial results.

About Itron

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Forward-Looking Statements

This release contains forward-looking statements within in the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to our expectations about revenues, operations, financial performance, earnings, earnings per share and cash flows, as well as the integration of Silver Spring Networks. Although we believe the estimates and assumptions upon which these forward-looking statements are based are reasonable, any of these estimates or assumptions could prove to be inaccurate and the forward-looking statements based on these estimates and assumptions could be incorrect. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors. Some of the factors that we believe could affect our results include our ability to achieve estimated cost savings, the rate and timing of customer demand for our products, rescheduling of current customer orders, changes in estimated liabilities for product warranties, adverse impacts of litigation, changes in laws and regulations, our dependence on new product development and intellectual property, future acquisitions, changes in estimates for stock-based and bonus compensation, increasing volatility in foreign exchange rates, international business risks and other factors that are more fully described in our Annual Report on Form 10-K for the year ended December 31, 2016 and other reports on file with the Securities and Exchange Commission. Itron undertakes no obligation to update or revise any information in this press release.

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