

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 001-06706

BADGER METER, INC.

(Exact name of registrant as specified in its charter)

Wisconsin

(State or other jurisdiction
of incorporation or organization)

4545 W. Brown Deer Road
Milwaukee, Wisconsin

(Address of principal executive offices)

39-0143280

(I.R.S. Employer
Identification No.)

53233

(Zip code)

(414) 355-0400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BMI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Smaller reporting company	☐
Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐		

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 14, 2019, there were 29,111,332 shares of Common stock outstanding with a par value of \$1 per share.

BADGER METER, INC.

Quarterly Report on Form 10-Q for the Period Ended September 30, 2019

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Special Note Regarding Forward Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q, as well as other information provided from time to time by Badger Meter, Inc. (the “Company” or “Badger Meter”) or its employees, may contain forward looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “think,” “should,” “could” and “objective” or similar expressions are intended to identify forward looking statements. All such forward looking statements are based on the Company’s then current views and assumptions and involve risks and uncertainties. Some risks and uncertainties that could cause actual results to differ materially from those expressed or implied in forward looking statements include those described in Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 and include, among other things:

- the continued shift in the Company’s business from lower cost, manually read meters toward more expensive, value-added automatic meter reading (AMR) systems, advanced metering infrastructure (AMI) systems and advanced metering analytics (AMA) systems that offer more comprehensive solutions to customers’ metering needs;
- the success or failure of newer Company products;
- changes in competitive pricing and bids in both the domestic and foreign marketplaces, and particularly in continued intense price competition on government bid contracts for lower cost, manually read meters;
- the actions (or lack thereof) of the Company’s competitors;
- changes in the general conditions of the United States and foreign economies, including to some extent such things as the length and severity of global economic downturns, international or civil conflicts that affect international trade, the ability of municipal water utility customers to authorize and finance purchases of the Company’s products, the Company’s ability to obtain financing, housing starts in the United States, and overall industrial activity;
- unusual weather, weather patterns or other natural phenomena, including related economic and other ancillary effects of any such events;
- economic policy changes, including but not limited to, trade policy and corporate taxation;
- the timing and impact of government funding programs that stimulate national and global economies, as well as the impact of government budget cuts or partial shutdowns of governmental operations;
- changes in the cost and/or availability of needed raw materials and parts, such as volatility in the cost of brass castings as a result of fluctuations in commodity prices, particularly for copper and scrap metal at the supplier level, foreign-sourced electronic components as a result of currency exchange fluctuations and/or lead times, and plastic resin as a result of changes in petroleum and natural gas prices;
- the Company’s ability to successfully integrate acquired businesses or products;
- changes in foreign economic conditions, particularly currency fluctuations in the United States dollar, the Euro and the Mexican peso;
- the inability to develop technologically advanced products;
- the failure of the Company’s products to operate as intended;
- the inability to protect the Company’s proprietary rights to its products;
- the Company’s expanded role as a prime contractor for providing complete technology systems to governmental entities, which brings with it added risks, including but not limited to, the Company’s responsibility for subcontractor performance, additional costs and expenses if the Company and its subcontractors fail to meet the timetable agreed to with the governmental entity, and the Company’s expanded warranty and performance obligations;
- disruptions and other damages to information technology, other networks, operations and property (Company or third party owned) due to breaches in data security or any other cybersecurity attack;

- transportation delays or interruptions;
- violations or alleged violations of laws that impose requirements for the conduct of the Company's operations, including the U.S. Foreign Corrupt Practices Act (FCPA) or other anti-corruption laws, trade sanctions and sanctioned parties restrictions;
- the loss of or disruption in certain single-source suppliers; and
- changes in laws and regulations, particularly laws dealing with the content or handling of materials used in the Company's products.

All of these factors are beyond the Company's control to varying degrees. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward looking statements contained in this Quarterly Report on Form 10-Q and are cautioned not to place undue reliance on such forward looking statements. The forward looking statements made in this document are made only as of the date of this document and the Company assumes no obligation, and disclaims any obligation, to update any such forward looking statements to reflect subsequent events or circumstances.

Part I – Financial Information

Item 1 Financial Statements

BADGER METER, INC.

Consolidated Condensed Balance Sheets

	September 30, (Unaudited)	December 31,
	2019	2018
Assets		
Current assets:		
Cash	\$ 37,728	\$ 13,086
Receivables	61,406	66,300
Inventories:		
Finished goods	24,646	23,476
Work in process	18,097	17,097
Raw materials	42,092	40,231
Total inventories	84,835	80,804
Prepaid expenses and other current assets	7,572	4,469
Total current assets	191,541	164,659
Property, plant and equipment, at cost	208,315	213,722
Less accumulated depreciation	(121,658)	(123,401)
Net property, plant and equipment	86,657	90,321
Intangible assets, at cost less accumulated amortization	49,934	55,418
Other assets	16,126	8,872
Deferred income taxes	1,974	2,163
Goodwill	71,258	71,258
Total assets	<u>\$ 417,490</u>	<u>\$ 392,691</u>
Liabilities and shareholders' equity		
Current liabilities:		
Short-term debt	\$ 4,360	\$ 18,060
Payables	32,363	22,469
Accrued compensation and employee benefits	12,814	13,768
Warranty and after-sale costs	6,807	4,206
Other current liabilities	2,501	1,512
Total current liabilities	58,845	60,015
Other long-term liabilities	22,863	13,972
Deferred income taxes	3,077	3,332
Accrued non-pension postretirement benefits	5,163	5,184
Other accrued employee benefits	3,903	6,685
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Common stock	37,200	37,198
Capital in excess of par value	40,306	38,082
Reinvested earnings	278,551	257,313
Accumulated other comprehensive income	404	580
Less: Employee benefit stock	(306)	(306)
Treasury stock, at cost	(32,516)	(29,364)
Total shareholders' equity	323,639	303,503
Total liabilities and shareholders' equity	<u>\$ 417,490</u>	<u>\$ 392,691</u>

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Consolidated Condensed Statements of Operations

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	(In thousands except share and per share amounts)			
	2019	2018	2019	2018
Net sales	\$ 108,646	\$ 110,630	\$ 317,069	\$ 329,319
Cost of sales	66,976	66,684	194,666	207,121
Gross margin	41,670	43,946	122,403	122,198
Selling, engineering and administration	25,225	28,212	76,598	80,139
Operating earnings	16,445	15,734	45,805	42,059
Interest expense, net	66	295	280	994
Other pension and postretirement costs	41	11,787	123	19,799
Earnings before income taxes	16,338	3,652	45,402	21,266
Provision for income taxes	3,617	801	10,499	4,715
Net earnings	<u>\$ 12,721</u>	<u>\$ 2,851</u>	<u>\$ 34,903</u>	<u>\$ 16,551</u>
Earnings per share:				
Basic	\$ 0.44	\$ 0.10	\$ 1.20	\$ 0.57
Diluted	\$ 0.44	\$ 0.10	\$ 1.19	\$ 0.57
Dividends declared per common share	\$ 0.17	\$ 0.15	\$ 0.47	\$ 0.41
Shares used in computation of earnings per share:				
Basic	29,013,573	28,989,205	29,022,080	28,983,115
Impact of dilutive securities	179,765	207,955	193,112	198,428
Diluted	<u>29,193,338</u>	<u>29,197,160</u>	<u>29,215,192</u>	<u>29,181,543</u>

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Consolidated Condensed Statements of Comprehensive Income

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	(In thousands)			
	2019	2018	2019	2018
Net earnings	\$ 12,721	\$ 2,851	\$ 34,903	\$ 16,551
Other comprehensive income:				
Foreign currency translation adjustments	(646)	106	(509)	(281)
Pension and postretirement benefits, net of tax	(16)	7,396	333	13,168
Comprehensive income	\$ 12,059	\$ 10,353	\$ 34,727	\$ 29,438

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.
Consolidated Condensed Statements of Cash Flows

	Nine Months Ended September 30, (Unaudited) (In thousands)	
	2019	2018
Operating activities:		
Net earnings	\$ 34,903	\$ 16,551
Adjustments to reconcile net earnings to net cash provided by operations:		
Depreciation	8,688	8,796
Amortization	9,323	9,675
Deferred income taxes	18	132
Noncurrent employee benefits	(150)	261
Pension termination settlement charge	-	19,900
Contribution to pension plan	-	(2,860)
Stock-based compensation expense	882	3,374
Changes in:		
Receivables	4,555	(11,462)
Inventories	(4,259)	1,409
Payables	10,885	(2,468)
Prepaid expenses and other current assets	(5,806)	(5,573)
Other liabilities	2,100	2,148
Total adjustments	26,236	23,332
Net cash provided by operations	61,139	39,883
Investing activities:		
Property, plant and equipment expenditures	(5,589)	(7,219)
Acquisitions, net of cash acquired and future payments	-	(8,048)
Net cash used for investing activities	(5,589)	(15,267)
Financing activities:		
Net decrease in short-term debt	(13,500)	(8,433)
Payment of contingent acquisition consideration	(1,650)	(2,034)
Dividends paid	(13,652)	(11,895)
Proceeds from exercise of stock options	963	933
Repurchase of treasury stock	(3,358)	(4,451)
Issuance of treasury stock	142	529
Net cash used for financing activities	(31,055)	(25,351)
Effect of foreign exchange rates on cash	147	200
Increase (decrease) in cash	24,642	(535)
Cash – beginning of period	13,086	11,164
Cash – end of period	\$ 37,728	\$ 10,629

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Consolidated Condensed Statements of Shareholders' Equity

	Quarter and year-to-date ended September 30,						
	Common Stock at \$1 par value*	Capital in excess of par value	Reinvested earnings	Accumulated other comprehensive income (loss)	Employee benefit stock	Treasury stock (at cost)	Total
	(Unaudited)						
	(In thousands except share and per share amounts)						
Balance, June 30, 2018	\$ 37,177	\$ 33,681	\$ 250,242	\$ (5,508)	\$ (461)	\$ (26,661)	\$ 288,470
Net earnings	-	-	2,851	-	-	-	2,851
Pension and postretirement benefits (net of \$3,080 tax effect)	-	-	-	7,396	-	-	7,396
Foreign currency translation	-	-	-	106	-	-	106
Cash dividends of \$0.15 per share	-	-	(4,361)	-	-	-	(4,361)
Stock options exercised	21	681	-	-	-	-	702
ASU 2018-02 adoption	-	-	1,700	(1,700)	-	-	-
Stock-based compensation	-	2,430	-	-	-	-	2,430
Purchase of common stock for treasury stock	-	-	-	-	-	(2,462)	(2,462)
Issuance of treasury stock (9 shares)	-	17	-	-	-	81	98
Balance, September 30, 2018	\$ 37,198	\$ 36,809	\$ 250,432	\$ 294	\$ (461)	\$ (29,042)	\$ 295,230
Balance, December 31, 2017	\$ 37,165	\$ 32,182	\$ 244,224	\$ (10,893)	\$ (461)	\$ (24,766)	\$ 277,451
Net earnings	-	-	16,551	-	-	-	16,551
ASU 2014-09 adoption impact	-	-	(128)	-	-	-	(128)
Pension and postretirement benefits (net of \$4,994 tax effect)	-	-	-	13,168	-	-	13,168
Foreign currency translation	-	-	-	(281)	-	-	(281)
Cash dividends of \$0.41 per share	-	-	(11,915)	-	-	-	(11,915)
Stock options exercised	33	900	-	-	-	-	933
ASU 2018-02 adoption	-	-	1,700	(1,700)	-	-	-
Stock-based compensation	-	3,374	-	-	-	-	3,374
Purchase of common stock for treasury stock	-	-	-	-	-	(4,451)	(4,451)
Issuance of treasury stock (39 shares)	-	353	-	-	-	175	528
Balance, September 30, 2018	\$ 37,198	\$ 36,809	\$ 250,432	\$ 294	\$ (461)	\$ (29,042)	\$ 295,230
Balance, June 30, 2019	\$ 37,200	\$ 39,746	\$ 270,772	\$ 1,066	\$ (306)	\$ (32,026)	\$ 316,452
Net earnings	-	-	12,721	-	-	-	12,721
Pension and postretirement benefits (net of (\$4) tax effect)	-	-	-	(16)	-	-	(16)
Foreign currency translation	-	-	-	(646)	-	-	(646)
Cash dividends of \$0.17 per share	-	-	(4,942)	-	-	-	(4,942)
Stock options exercised	-	192	-	-	-	23	215
Stock-based compensation	-	328	-	-	-	-	328
Purchase of common stock for treasury stock	-	-	-	-	-	(521)	(521)
Issuance of treasury stock (21 shares)	-	40	-	-	-	8	48
Balance, September 30, 2019	\$ 37,200	\$ 40,306	\$ 278,551	\$ 404	\$ (306)	\$ (32,516)	\$ 323,639
Balance, December 31, 2018	\$ 37,198	\$ 38,082	\$ 257,313	\$ 580	\$ (306)	\$ (29,364)	\$ 303,503
Net earnings	-	-	34,903	-	-	-	34,903
Pension and postretirement benefits (net of \$133 tax effect)	-	-	-	333	-	-	333
Foreign currency translation	-	-	-	(509)	-	-	(509)
Cash dividends of \$0.47 per share	-	-	(13,665)	-	-	-	(13,665)
Stock options exercised	2	832	-	-	-	129	963
Stock-based compensation	-	882	-	-	-	-	882
Purchase of common stock for treasury stock	-	-	-	-	-	(3,358)	(3,358)
Issuance of treasury stock (49 shares)	-	510	-	-	-	77	587
Balance, September 30, 2019	\$ 37,200	\$ 40,306	\$ 278,551	\$ 404	\$ (306)	\$ (32,516)	\$ 323,639

* Each common share of stock equals \$1 par value; therefore, the number of common shares is the same as the dollar value.

See accompanying notes to unaudited consolidated condensed financial statements.

BADGER METER, INC.

Notes to Unaudited Consolidated Condensed Financial Statements

Note 1 Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated condensed financial statements of Badger Meter contain all adjustments (consisting only of normal recurring accruals except as otherwise discussed) necessary to present fairly the Company's consolidated condensed financial position at September 30, 2019 and December 31, 2018, results of operations, comprehensive income and statements of shareholders' equity for the three and nine-month periods ended September 30, 2019 and 2018, and cash flows for the nine-month periods ended September 30, 2019 and 2018. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2 Additional Financial Information Disclosures

The consolidated condensed balance sheet at December 31, 2018 was derived from amounts included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. Refer to the notes to the financial statements included in that report for a description of the Company's accounting policies and for additional details of the Company's financial condition. The details in those notes have not changed except as discussed below and as a result of normal adjustments in the interim.

Warranty and After-Sale Costs

The Company estimates and records provisions for warranties and other after-sale costs in the period in which the sale is recorded, based on a lag factor and historical warranty claim experience. After-sale costs represent a variety of activities outside of the written warranty policy, such as investigation of unanticipated problems after the customer has installed the product, or analysis of water quality issues. Changes in the Company's warranty and after-sale costs reserve are as follows:

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Balance at beginning of period	\$ 5,379	\$ 4,110	\$ 4,206	\$ 3,367
Net additions charged to earnings	3,124	659	5,405	2,873
Costs incurred	(1,696)	(467)	(2,804)	(1,938)
Balance at end of period	<u>\$ 6,807</u>	<u>\$ 4,302</u>	<u>\$ 6,807</u>	<u>\$ 4,302</u>

Note 3 Employee Benefit Plans

Historically, the Company maintained a non-contributory defined benefit pension plan that covered substantially all U.S. employees who were employed on December 31, 2011. After that date, no further benefits were accrued in this plan. For the frozen pension plan, benefits were based primarily on years of service and, for certain individuals, levels of compensation. In 2018, the Company completed the termination of the non-contributory defined benefit pension plan.

The Company maintains supplemental non-qualified plans for certain officers and other key employees, and an Employee Savings and Stock Ownership Plan for the majority of the U.S. employees.

The Company additionally has a postretirement healthcare benefit plan that provides medical benefits for certain U.S. retirees and eligible dependents hired prior to November 1, 2004. Employees are eligible to receive postretirement healthcare benefits upon meeting certain age and service requirements. No employees hired after October 31, 2004 are eligible to receive these benefits. This plan requires employee contributions to offset benefit costs.

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The following table sets forth the components of net periodic benefit cost for the three months ended September 30, 2019 and 2018 based on December 31, 2018 and 2017 actuarial measurement dates, respectively:

(In thousands)	Defined pension plan benefits		Other postretirement benefits	
	2019	2018	2019	2018
Service cost – benefits earned during the year	\$ 38	\$ 35	\$ 25	\$ 31
Interest cost on projected benefit obligations	8	6	53	47
Amortization of prior service benefit	-	-	-	(3)
Amortization of net loss (benefit)	9	13	(29)	(8)
Settlement expense	-	11,732	-	-
Net periodic benefit cost	<u>\$ 55</u>	<u>\$ 11,786</u>	<u>\$ 49</u>	<u>\$ 67</u>

The following table sets forth the components of net periodic benefit cost for the nine months ended September 30, 2019 and 2018 based on December 31, 2018 and 2017 actuarial measurement dates, respectively:

(In thousands)	Defined pension plan benefits		Other postretirement benefits	
	2019	2018	2019	2018
Service cost – benefits earned during the year	\$ 112	\$ 105	\$ 77	\$ 93
Interest cost on projected benefit obligations	26	323	158	142
Expected return on plan assets	-	(835)	-	-
Amortization of prior service cost	-	-	-	(10)
Amortization of net loss (benefit)	27	302	(88)	(23)
Settlement expense	-	19,900	-	-
Net periodic benefit cost	<u>\$ 165</u>	<u>\$ 19,795</u>	<u>\$ 147</u>	<u>\$ 202</u>

The Company disclosed in its financial statements for the year ended December 31, 2018 that it estimated it would pay \$0.4 million in other postretirement benefits in 2019 based on actuarial estimates. As of September 30, 2019, \$0.3 million of such benefits have been paid. The Company continues to believe that its estimated payments for the full year are reasonable. However, such estimates contain inherent uncertainties because cash payments can vary significantly depending on the timing of postretirement medical claims and the collection of the retirees' portion of certain costs. The amount of benefits paid in calendar year 2019 will not impact the expense for postretirement benefits for 2019.

Note 4 Accumulated Other Comprehensive Income (Loss)

Components of and changes in accumulated other comprehensive income (loss) at September 30, 2019 are as follows:

(In thousands)	Unrecognized pension and postretirement benefits	Foreign currency	Total
Balance at beginning of period	\$ 360	\$ 220	\$ 580
Other comprehensive income (loss) before reclassifications	-	(509)	(509)
Amounts reclassified from accumulated other comprehensive income, net of tax of \$133	333	-	333
Net current period other comprehensive income (loss), net of tax	333	(509)	(176)
Accumulated other comprehensive income (loss)	<u>\$ 693</u>	<u>\$ (289)</u>	<u>\$ 404</u>

Details of reclassifications out of accumulated other comprehensive income (loss) during the nine months ended September 30, 2019 are as follows:

(In thousands)	Amount reclassified from accumulated other comprehensive income (loss)
Amortization of pension and postretirement benefits items:	
Actuarial loss (1)	\$ (60)
Settlement expense (2)	526
Total before tax	466
Income tax	(133)
Amount reclassified out of accumulated other comprehensive income (loss)	<u>\$ 333</u>

- (1) This accumulated other comprehensive income (loss) component is included in the computation of net periodic benefit cost in Note 3 “Employee Benefit Plans”
- (2) This accumulated other comprehensive income (loss) component resulted from an international pension plan settlement.

Components of and changes in accumulated other comprehensive income (loss) at September 30, 2018 are as follows:

(In thousands)	Unrecognized pension and postretirement benefits	Foreign currency	Total
Balance at beginning of period	\$ (11,597)	\$ 704	\$ (10,893)
Other comprehensive income (loss) before reclassifications	-	(281)	(281)
Amounts reclassified from accumulated other comprehensive income, net of tax of \$4,994	13,168	-	13,168
Net current period other comprehensive income (loss), net of tax	13,168	(281)	12,887
Cumulative impact of adopting ASU 2018-02	(1,700)	-	(1,700)
Accumulated other comprehensive (loss) income	<u>\$ (129)</u>	<u>\$ 423</u>	<u>\$ 294</u>

Details of reclassifications out of accumulated other comprehensive income (loss) during the nine months ended September 30, 2018 are as follows:

(In thousands)	Amount reclassified from accumulated other comprehensive income (loss)
Amortization of pension and postretirement benefits items:	
Prior service benefit (1)	\$ (10)
Settlement Expense (1)	19,900
Amortization of actuarial loss (1)	(1,728)
Total before tax	18,162
Income tax	(4,994)
Amount reclassified out of accumulated other comprehensive income	<u>\$ 13,168</u>

- (1) These accumulated other comprehensive income (loss) components are included in the computation of net periodic benefit cost in Note 3 “Employee Benefit Plans”

Note 5 Acquisition

On April 2, 2018, the Company acquired 100% of the outstanding stock of Innovative Metering Solutions, Inc. (IMS) of Odessa, Florida, which was one of the Company's distributors serving Florida. Acquisitions are accounted for under the purchase method, and accordingly, the results of operations were included in the Company's financial statements from the date of acquisition. The IMS acquisition did not have a material impact on the Company's consolidated financial statements or the notes thereto.

The total purchase consideration was approximately \$12.0 million, which included \$7.7 million in cash, a \$0.3 million working capital adjustment, a balance sheet holdback of \$0.7 million and settlement of \$3.3 million of pre-existing Company receivables. The working capital adjustment was settled in the second quarter of 2018 and the balance sheet holdback was paid in the second quarter of 2019. The Company's allocation of the purchase price at March 31, 2019 included \$3.8 million of receivables, \$0.8 million of inventories, \$0.1 million of machinery and equipment, \$3.6 million of intangibles and \$3.7 million of goodwill. The intangible assets acquired are customer relationships with an estimated average useful life of 10 years. The allocation of the purchase price to the assets acquired was based upon the estimated fair values at the date of acquisition. As of March 31, 2019, the Company had completed its analysis for estimating the fair value of the assets acquired with no additional adjustments.

In the first quarter of 2019, the Company made a contingent payment of \$1.0 million related to the May 1, 2017 acquisition of 100% of the outstanding common stock of D-Flow Technology AB ("D-Flow"). There is an additional \$2.0 million of contingent payments related to the D-Flow acquisition that is anticipated to be made in the next twelve months which is recorded in payables on the Company's Consolidated Condensed Balance Sheet at September 30, 2019.

Note 6 Contingencies, Litigation and Commitments

In the normal course of business, the Company is named in legal proceedings. There are currently no material legal proceedings pending with respect to the Company.

The Company is subject to contingencies related to environmental laws and regulations. A future change in circumstances with respect to specific matters or with respect to sites formerly or currently owned or operated by the Company, off-site disposal locations used by the Company, and property owned by third parties that is near such sites, could result in future costs to the Company and such amounts could be material. Expenditures for compliance with environmental control provisions and regulations during 2018 and the first three quarters of 2019 were not material.

The Company relies on single suppliers for most brass castings, certain resins and electronic subassemblies in several of its product lines. The Company believes these items would be available from other sources, but that the loss of certain suppliers would result in a higher cost of materials, delivery delays, short-term increases in inventory and higher quality control costs in the short term. The Company attempts to mitigate these risks by working closely with key suppliers, purchasing minimal amounts from alternative suppliers and by purchasing business interruption insurance where appropriate.

The Company reevaluates its exposures on a periodic basis and makes adjustments to reserves as appropriate.

Note 7 Income Taxes

The Company is subject to income taxes in the United States and numerous foreign jurisdictions. The Company's income tax positions are based on interpretations of income tax laws and rulings in each of the jurisdictions that the Company operates. Significant judgment is required in determining the worldwide provision for income taxes and recording the related deferred tax assets and liabilities. The Company's deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income for the years in which the assets or liabilities are expected to be realized or settled. Interim provisions are tied to an estimate of the overall annual rate which can vary due to the relationship of foreign and domestic earnings, state taxes and available deductions, credits and discrete items.

The Company's earnings before incomes taxes, income tax expense and effective income tax rate are as follows:

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Earnings before income taxes	\$ 16,338	\$ 3,652	\$ 45,402	\$ 21,266
Income tax expense	3,617	801	10,499	4,715
Effective income tax rate	22.1%	21.9%	23.1%	22.2%

Note 8 Fair Value Measurements of Financial Instruments

The Company applies the accounting standards for fair value measurements and disclosures for its financial assets and financial liabilities. The carrying amounts of cash, receivables and payables in the financial statements approximate their fair values due to the short-term nature of these financial instruments. Short-term debt is comprised of notes payable drawn against the Company's lines of credit and commercial paper. Because of its short-term nature, the carrying amount of the short-term debt also approximates fair value. Included in other assets are insurance policies on various individuals who were previously employed by the Company. The carrying amounts of these insurance policies approximate their fair value.

Note 9 Subsequent Events

The Company evaluates subsequent events at the date of the balance sheet as well as conditions that arise after the balance sheet date but before the financial statements are issued. The effects of conditions that existed at the balance sheet date are recognized in the financial statements. Events and conditions arising after the balance sheet date but before the financial statements are issued are evaluated to determine if disclosure is required to keep the financial statements from being misleading. To the extent such events and conditions exist, if any, disclosures are made regarding the nature of events and the estimated financial effects for those events and conditions. For purposes of preparing the accompanying consolidated financial statements and the notes to these financial statements, the Company evaluated subsequent events through the date that the accompanying financial statements were issued, and has determined that no material subsequent events exist through the date of this filing.

Note 10 New Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-14 "Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20)," which modifies the annual disclosure requirements for defined benefit pension and other postretirement benefit plans. This ASU, as modified, added and deleted specific disclosures in an effort to improve the usefulness for financial statement users while also reducing unnecessary costs for companies. The ASU is effective for annual periods beginning after December 15, 2020 with early adoption being permitted in any interim reporting period within the annual reporting period. The Company is currently assessing the impact of adopting ASU No. 2018-14.

In August 2018, the FASB issued ASU No. 2018-13 "Fair Value Measurement (Topic 820)," which is designed to improve the effectiveness of disclosures related to fair value measurements. This ASU is effective for annual periods beginning after December 15, 2019 and early adoption is allowed in any interim reporting period within the annual reporting period. The Company is currently assessing the impact of adopting ASU No. 2018-13.

In January 2017, the FASB issued ASU No. 2017-04 "Intangibles - Goodwill and Other (Topic 350)." The update requires a single-step quantitative test to measure potential impairment based on the excess of a reporting unit's carrying amount over its fair value. A qualitative assessment can still be completed first for an entity to determine if a quantitative impairment test is necessary. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2019 and interim periods thereafter. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted ASU No. 2017-04 on January 1, 2019. The adoption of this standard did not have any impact on the Company's financial statements.

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments - Credit Losses (Topic 326)," which amends the accounting for credit losses on purchased financial assets and available-for-sale debt securities with credit deterioration. This ASU requires the measurement of all expected credit losses for financial assets, including accounts receivables, held at the reporting date based upon current conditions, historical experience and reasonable forecasts. This ASU is effective for annual reporting periods beginning after December 15, 2019, and early adoption is allowed in any interim reporting period within the annual reporting period. The Company does not anticipate that ASU No. 2016-13 will have a material impact upon adoption.

In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)," which requires lessees to record most leases on their balance sheets. Lessees initially recognize a lease liability (measured at the present value of the lease payments over the lease term) and a right-of-use asset (measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs). Lessees can make an accounting policy election not to recognize ROU assets and lease liabilities for leases with a lease term of 12 months or less as long as the leases do not include options to purchase the underlying assets that the lessee is reasonably certain to exercise. The standard includes the use of a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. Full retrospective application is prohibited. In July 2018, the FASB issued ASU No. 2018-11 "Targeted Improvements (Topic 842)." This ASU provides for an optional method of transition which allows companies to adopt the new leasing standard with a cumulative effect adjustment to reinvested earnings. The Company adopted the new leasing standard with the optional transition methodology as of January 1, 2019. For a complete discussion of the adoption of ASU No. 2016-02 and ASU No. 2018-11, see Note 12 "Leases" in the Unaudited Notes to Consolidated Condensed Financial Statements.

Note 11 Revenue Recognition

Revenue for sales of products and services is derived from contracts with customers. The products and services promised in contracts include the sale of municipal water and flow instrumentation products, such as flow meters and radios, software access and other ancillary services. Contracts generally state the terms of sale, including the description, quantity and price of each product or service. Since the customer typically agrees to a stated rate and price in the contract that does not vary over the life of the contract, the majority of the Company's contracts do not contain variable consideration. The Company establishes a provision for estimated warranty and returns as well as certain after sale costs as discussed in Note 2 "Additional Financial Information Disclosures" in the Unaudited Notes to Consolidated Condensed Financial Statements.

In accordance with ASU No. 2016-10 "Revenue from Contracts with Customers" ("Topic 606"), the Company disaggregates revenue from contracts with customers into geographical regions and by the timing of when goods and services are transferred. The Company determined that disaggregating revenue into these categories meets the disclosure objective in Topic 606 which is to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by regional economic factors.

Information regarding revenues disaggregated by geographic area is as follows:

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenues:				
United States	\$ 93,395	\$ 95,288	\$ 275,152	\$ 284,351
Foreign:				
Asia	2,816	1,928	6,555	6,789
Canada	3,437	2,564	10,755	9,353
Europe	4,327	4,457	14,128	14,605
Mexico	1,682	1,031	3,519	2,137
Middle East	1,317	4,602	4,382	9,958
Other	1,672	760	2,578	2,126
Total	\$ 108,646	\$ 110,630	\$ 317,069	\$ 329,319

Information regarding revenues disaggregated by the timing of when goods and services are transferred is as follows:

(In thousands)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenue recognized over time	\$ 3,857	\$ 3,455	\$ 11,341	\$ 9,203
Revenue recognized at a point in time	104,789	107,175	305,728	320,116
Total	\$ 108,646	\$ 110,630	\$ 317,069	\$ 329,319

The Company performs its obligations under a contract by shipping products or performing services in exchange for consideration. The Company typically invoices its customers as soon as control of an asset is transferred and a receivable to the Company is established. The Company, however, recognizes a contract liability when a customer prepays for goods or services and the Company has not transferred control of the goods or services.

The opening and closing balances of the Company's receivables and contract liabilities are as follows:

(In thousands)	September 30, 2019	December 31, 2018
Receivables	\$ 61,406	\$ 66,300
Contract liabilities	19,042	15,793

Contract liabilities are included in payables and other long-term liabilities on the Company's consolidated condensed balance sheet. The balance of contract assets was immaterial as the Company did not have a significant amount of uninvoiced receivables in the three and nine-month periods ended September 30, 2019 and twelve-month period ended December 31, 2018.

The difference between the opening and closing balances of the Company's contract liabilities was the result of a timing difference between the Company's performance and the customers' prepayments.

As of September 30, 2019, the Company had certain contracts with unsatisfied performance obligations. For contracts recorded as contract liabilities, \$19.0 million was the aggregate amount of the transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied as of the end of the reporting period. The Company estimates that revenue recognized from satisfying those performance obligations will be approximately \$4.0 million in 2019, \$1.9 million in each year from 2020 through 2024 and \$5.5 million thereafter.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of measurement in Topic 606. At contract inception, the Company assesses the products and services promised in its contracts with customers. The Company then identifies performance obligations to transfer distinct products or services to the customer. In order to identify performance obligations, the Company considers all of the products or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

The Company's performance obligations are satisfied at a point in time or over time as work progresses. Revenue from products and services transferred to customers at a single point in time accounted for 96.4% and 96.9% of net sales for the three-month periods ended September 30, 2019 and 2018, respectively. Revenue from products and services transferred to customers at a single point in time accounted for 96.4% and 97.2% of net sales for the nine-month periods ended September 30, 2019 and 2018, respectively. The majority of the Company's revenue recognized at a point in time is for the sale of municipal and flow instrumentation products. Revenue from these contracts is recognized when the customer is able to direct the use of and obtain substantially all of the benefits from the product which generally coincides with title transfer during the shipping process.

Revenue from services transferred to customers over time accounted for 3.6% and 3.1% of net sales for the three-month periods ended September 30, 2019 and 2018, respectively. Revenue from services transferred to customers over time accounted for 3.6% and 2.8% of net sales for the nine-month periods ended September 30, 2019 and 2018, respectively. The majority of the Company's revenue that is recognized over time relates to the BEACON® AMA software as a service, but also includes training, installation and other revenues.

Note 12 Leases

On January 1, 2019, the Company adopted ASU No. 2016-02 and ASU No. 2018-11 using the optional transition method. Under this transition method, comparative periods will continue to be reported in accordance with prior lease guidance under ASC 840 Leases. The Company has elected certain practical expedients permitted under the transition guidance, which, among other things, allows the Company to carry forward historical lease classifications.

The Company rents facilities, equipment and vehicles under operating leases, some of which contain renewal options. Upon inception of a rent agreement, the Company determines whether the arrangement contains a lease based on the unique conditions present. Leases that have a term over a year are recognized on the balance sheet as right-of-use assets and lease liabilities. Right-of-use assets are included in prepaid expenses and other current assets and other assets on the Company's consolidated condensed balance sheet. Lease liabilities are included in other current liabilities and other long-term liabilities on the Company's consolidated condensed balance sheet. Information regarding the Company's right-of-use assets and the corresponding lease liabilities are as follows:

	September 30, 2019	January 1, 2019
(In thousands)		
Right-of-use assets	\$ 8,919	\$ 10,745
Lease liabilities	9,290	11,087

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The Company's operating lease agreements have lease and non-lease components that require payments for common area maintenance, property taxes and insurance. The Company has elected to account for both lease and non-lease components as one lease component. The fixed and in-substance fixed consideration in the Company's rent agreements constitute operating lease expense that is included in the capitalized right-of-use assets and lease liabilities. The variable and short-term lease expense payments are not included in the present value of the right-of use-assets and lease liabilities on the consolidated condensed balance sheet. The Company's rent expense is as follows:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
(In thousands)		
Operating lease expense	\$ 764	\$ 2,331
Variable and short-term lease expense	36	223
Rent expense	<u>\$ 800</u>	<u>\$ 2,554</u>

The Company records right-of-use assets and lease liabilities based upon the present value of lease payments over the expected lease term. The Company's lease agreements typically do not have implicit interest rates that are readily determinable. As a result, the Company utilizes an incremental borrowing rate that would be incurred to borrow on a collateralized basis over a similar term in a comparable economic environment. As of September 30, 2019 and January 1, 2019, the remaining lease term on the Company's leases was 4.7 years and 5.3 years, respectively. As of September 30, 2019 and January 1, 2019, the discount rate was 5.0%. The future minimum lease payments to be paid under operating leases are as follows:

	September 30, 2019 (In thousands)
2019 (remaining three months)	\$ 724
2020	2,782
2021	2,231
2022	1,291
2023	1,201
Thereafter	2,182
Total future lease payments	<u>10,411</u>
(Present value adjustment)	<u>(1,121)</u>
Present value of future lease payments	<u>\$ 9,290</u>

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS DESCRIPTION AND OVERVIEW

Badger Meter is an innovator in flow measurement, control and related communication solutions, serving water utilities, municipalities, and commercial and industrial customers worldwide. The Company's products measure water, oil, chemicals and other fluids, and are known for accuracy, long-lasting durability and for providing valuable and timely measurement data through various methods. The Company's product lines fall into two categories: sales of water meters, radios and related technologies to municipal water utilities (municipal water) and sales of meters, valves and other products for industrial applications in water, wastewater, and other industries (flow instrumentation). The Company estimates that over 85% of its products are used in water related applications.

Municipal water, the largest sales category, is comprised of either mechanical or static (ultrasonic) water meters along with the related radio and software technologies and services used by municipal water utilities as the basis for generating their water and wastewater revenues. The largest geographic market for the Company's municipal water products is North America, primarily the United States, because most of the Company's meters are designed and manufactured to conform to standards promulgated by the American Water Works Association. The majority of water meters sold by the Company continue to be mechanical in nature; however, ultrasonic meters are gaining in penetration due to a variety of factors, including their ability to maintain near absolute measurement accuracy over their useful life. Providing ultrasonic water meter technology, combined with advanced radio technology, provides the Company with the opportunity to sell into other geographical markets, for example, the Middle East and Europe.

Flow instrumentation includes meters and valves sold worldwide to measure and control fluids going through a pipe or pipeline including water, air, steam, oil, and other liquids and gases. These products are used in a variety of industries and applications, with the Company's primary market focus being water/wastewater; heating, ventilating and air conditioning (HVAC); oil and gas, and chemical and petrochemical. Flow instrumentation products are generally sold to original equipment manufacturers as the primary flow measurement device within a product or system, as well as through manufacturers' representatives.

Municipal water meters (both residential and commercial) are generally classified as either manually read meters or remotely read meters via radio technology. A manually read meter consists of a water meter and a register that provides a visual totalized meter reading. Meters equipped with radio technology (endpoints) receive flow measurement data from battery-powered encoder registers attached to the water meter, which is encrypted and transmitted via radio frequency to a receiver that collects and formats the data appropriately for water utility usage and billing systems. These remotely read systems are classified as either automatic meter reading (AMR) systems, where a vehicle equipped for meter reading purposes, including a radio receiver, computer and reading software, collects the data from utilities' meters; or advanced metering infrastructure (AMI) systems, where data is gathered utilizing a network (either fixed or cellular) of data collectors or gateway receivers that are able to receive radio data transmission from the utilities' meters. AMI systems eliminate the need for utility personnel to drive through service territories to collect data from the meters. These systems provide the utilities with more frequent and diverse data from their meters at specified intervals.

The ORION® branded family of radio endpoints provides water utilities with a range of industry-leading options for meter reading. These include ORION Migratable (ME) for AMR meter reading, ORION (SE) for traditional fixed network applications, and ORION Cellular for an infrastructure-free meter reading solution. ORION Migratable makes the migration to fixed network easier for utilities that prefer to start with mobile reading and later adopt fixed network communications, allowing utilities to choose a solution for their current needs and be positioned for their future operational changes. ORION Cellular eliminates the need for utility-owned fixed network infrastructure, allows for gradual or full deployment, and decreases ongoing maintenance.

Critical to the water metering ecosystem is information and analytics. The Company's BEACON Advanced Metering Analytics (AMA) software suite improves the utilities' visibility of their water and water usage. BEACON AMA is a secure, cloud-hosted software suite that includes a customizable dashboard, and has the ability to establish alerts for specific conditions. It also allows for consumer engagement tools that permit end water users (such as homeowners) to view and manage their water usage activity. Benefits to the utility include improved customer service, increased visibility through faster leak detection, the ability to promote and quantify the effects of its water conservation efforts, and easier compliance reporting.

Water meter replacement and the adoption and deployment of new technology comprise the majority of water meter product sales, including radio products. To a much lesser extent, housing starts also contribute to the new product sales base. Over the last decade, there has been a growing trend in the conversion from manually read water meters to meters with radio technology. This conversion rate is accelerating, with the Company estimating that approximately 60% of water meters installed in the United States have been converted to a radio solution technology.

The Company's net sales and corresponding net earnings depend on unit volume and product mix, with the Company generally earning higher average selling prices and margins on meters equipped with radio technology, and higher margins on ultrasonic compared to mechanical meters. The Company's proprietary radio products (i.e. ORION) generally result in higher margins than the remarketed, non-proprietary technology products. The Company also sells registers and endpoints separately to customers who wish to upgrade their existing meters in the field.

Flow instrumentation products are used in flow measurement and control applications across a broad industrial spectrum, occasionally leveraging the same technologies used in the municipal water category. Specialized communication protocols that control the entire flow measurement process and mandatory certifications drive these markets. The Company provides both standard and customized flow instrumentation solutions.

The industries served by the Company's flow instrumentation products face accelerating demands to contain costs, reduce product variability, and meet ever-changing safety, regulatory and sustainability requirements. To address these challenges, customers must reap more value from every component in their systems. This system-wide scrutiny has heightened the focus on flow instrumentation in industrial process, manufacturing, commercial fluid, building automation and precision engineering applications where flow measurement and control are critical.

A leader in both mechanical and static (ultrasonic) flow metering technologies for industrial markets, the Company offers one of the broadest flow measurement, control and communication portfolios in the market. This portfolio carries respected brand names including Recordall®, Hedland®, Dynasonics®, Blancett®, and Research Control®, and includes eight of the ten major flow meter technologies. Customers rely on the Company for application-specific solutions that deliver accurate, timely and dependable flow data and control essential for product quality, cost control, safer operations, regulatory compliance and more sustainable operations.

The Company's products are sold throughout the world through employees, resellers and representatives. Depending on the customer mix, there can be a moderate seasonal impact on sales, primarily relating to higher sales of certain municipal water products during the spring and summer months. No single customer accounts for more than 10% of the Company's sales.

Business Trends

Across the globe, increasing regulations and a focus on sustainability are driving companies and utilities to better manage critical resources like water, monitor their use of hazardous materials and reduce exhaust gases. Some customers measure fluids to identify leaks and/or misappropriation for cost control or add measurement points to help automate manufacturing. Other customers employ measurement to comply with government mandates and laws. The Company provides flow measurement technology to measure water, hydrocarbon-based fluids, chemicals, gases and steams. This technology is critical to provide baseline usage data and to quantify reductions as customers' attempt to reduce consumption. For example, once water usage metrics are better understood, a strategy for water-use reduction can be developed with specific water-reduction initiatives targeted to those areas where it is most viable. With the Company's technology, customers have found costly leaks, pinpointed equipment in need of repair, and identified areas for process improvements.

Increasingly, customers in the water utility market are interested in more frequent and diverse data collection. Specifically, AMI technology enables water utilities to capture readings from each meter at more frequent and variable intervals. There are approximately 52,000 water utilities in the United States and the Company estimates that approximately 60% of them have converted to a radio solution. The Company believes it is well positioned to meet this continuing conversion trend with its comprehensive radio and software solutions.

In addition, the water utility industry is beginning the conversion from mechanical to static (ultrasonic) meters. Ultrasonic water metering maintains measurement accuracy over the life of the meter, reducing a utility's non-revenue water. The Company has nearly a decade of proven reliability in the market with its ultrasonic meters and will be launching its next generation of ultrasonic metering with its D-Flow technology in 2019, which the Company believes will increase its competitive differentiation. While ultrasonic technology migration in North America could affect the competitive landscape, it also opens up further geographic penetration opportunities for the Company as previously described.

Finally, the concept of “Smart Cities” is beginning to take hold as one avenue to affect efficient city operations, conserve resources and improve service and delivery. Smart water solutions (Smart Water) are those that provide actionable information through data analytics from an interconnected and interoperable network of sensors and devices that help people and organizations efficiently use and conserve one of the world’s most precious resources. Badger Meter is well positioned to benefit from the advancement of Smart Water applications within the Smart Cities framework. Cities have a keen interest in Smart Water as it provides both a revenue base and conservation outcome. Badger Meter is one of approximately a dozen firms, and the only water metering company, that participates in the AT&T Smart City Alliance. By leveraging this alliance, the Company expects to be able to gain access and sell its broad smart water solutions to higher level decision makers within a city such as the mayor’s office. In addition, it allows Badger Meter to keep abreast of emerging cellular technology changes which the Company believes is the premier AMI solution.

Acquisition

On April 2, 2018, the Company acquired 100% of the outstanding stock of IMS of Odessa, Florida, which was one of the Company's distributors serving Florida.

The total purchase consideration was approximately \$12.0 million, which included \$7.7 million in cash, a \$0.3 million working capital adjustment, a balance sheet holdback of \$0.7 million and settlement of \$3.3 million of pre-existing Company receivables. The working capital adjustment was paid in the second quarter of 2018 and the balance sheet holdback was settled in the second quarter of 2019. The Company's allocation of the purchase price at June 30, 2018 included \$3.8 million of receivables, \$0.8 million of inventories, \$0.1 million of machinery and equipment, \$3.6 million of intangibles and \$3.7 million of goodwill. The intangible assets acquired are customer relationships with an estimated average useful life of 10 years. As of March 31, 2019, the Company had completed its analysis for estimating the fair value of the assets acquired with no additional adjustments. This acquisition is further described in Note 5 "Acquisition" in the Unaudited Notes to Consolidated Condensed Financial Statements.

In the first quarter of 2019, the Company made a contingent payment of \$1.0 million related to the May 1, 2017 acquisition of 100% of the outstanding common stock of D-Flow. There is an additional \$2.0 million of contingent payments related to the D-Flow acquisition that is anticipated to be made in the next twelve months which is recorded in payables on the Company’s Consolidated Balance Sheet at September 30, 2019.

Revenue and Product Mix

As the industry continues to evolve, the Company has been at the forefront of innovation across metering, radio and software technologies in order to meet its customers’ increasing expectations for accurate and actionable data. As technologies such as ORION Cellular and BEACON AMA managed solutions have become more readily adopted, the Company’s revenue from Software as a Service (SaaS) has increased significantly, albeit from a small base, and is margin accretive.

The Company also seeks opportunities for additional revenue enhancement. For instance, the Company has made inroads into the Middle East market with its ultrasonic meter technology and is pursuing other geographic expansion opportunities. The Company is periodically asked to oversee and perform field installation of its products for certain customers. The Company assumes the role of general contractor and either performs the installation or hires installation subcontractors and supervises their work.

Results of Operations - Three Months Ended September 30, 2019

Net Sales

The Company’s net sales for the three months ended September 30, 2019 were \$108.6 million compared to \$110.6 million during the same period in 2018. Sales into the municipal water market were \$84.3 million, a decrease of 2.6% from the prior year’s \$86.5 million. The sales decline resulted from a prior year municipal water order in the Middle East which did not repeat. In the domestic municipal water market (United States, Latin America and Canada), sales grew 1.9% attributable to higher sales of advanced technology products including ORION Cellular LTE-M endpoints and newly launched three and four-inch commercial E-Series® Ultrasonic water meters. SaaS revenue associated with data collection and software analytics also increased. Sales of products into the global flow instrumentation end markets were \$24.3 million, 1.0% higher than the prior year’s \$24.1 million.

Earnings

Total operating earnings for the three months ended September 30, 2019 were \$16.4 million, or 15.1% of sales, compared to \$15.7 million, or 14.2% of sales, in the comparable prior year quarter. Gross margin declined \$2.3 million associated with lower volumes and higher warranty costs partially offset by improved municipal water product and regional sales mix as well as the benefit of pricing and lower year-over-year commodity costs, including brass. During the quarter, the Company recorded a \$1.7 million discrete warranty provision associated with a sourced system integration module for a previously installed solution sold only outside North America. Selling, engineering and administration (“SEA”) expenses were \$25.2 million or 23.2% of sales compared to \$28.2 million or 25.5% of sales in the comparable prior year quarter. The prior year included \$2.1 million of executive retirement charges associated with the vesting of equity and cash awards for the retiring CEO, which did not repeat in 2019. The remaining reduction in SEA spending was largely associated with reduced incentive compensation expense and spending controls.

Other pension and postretirement costs in the third quarter of 2018 included a settlement charge of \$11.7 million in connection with the planned termination of the Company’s pension plan, which was finalized in 2018.

The provision for income taxes as a percentage of earnings before income taxes for the third quarter of 2019 was 22.1% compared to 21.9% in the third quarter of 2018. Interim provisions are based on an estimate of the overall annual rate that can vary due to state taxes, the relationship of foreign and domestic earnings, other credits available and tax reform provisions.

As a result of the above-mentioned items, net earnings for the three months ended September 30, 2019 were \$12.7 million, or \$0.44 per diluted share, compared to \$2.9 million, or \$0.10 per diluted share, for the same period in 2018.

Results of Operations - Nine Months Ended September 30, 2019

Net Sales

The Company’s net sales for the nine months ended September 30, 2019 were \$317.1 million, a decrease of 3.7% from the comparable prior year’s sales of \$329.3 million. Sales into the municipal water market were \$245.1 million, a decline 3.9% from the prior year’s \$255.0 million. Residential volumes in both the US and international markets declined, while commercial sales were essentially flat. Overall, customers deferred orders in order to obtain the latest versions of newer technology radios and meters which are in advanced testing stages in the first half of 2019. The Company did benefit from continued positive sales mix reflecting a higher percentage of meters with radios, ultrasonic meters and SaaS revenue associated with data collection and software analytics. Sales of products into the global flow instrumentations end markets were \$72.0 million, approximately 3.1% lower than the prior year’s \$74.3 million. The majority of the decline was due lower general industrial demand across the diverse end markets served, as well as unfavorable foreign currency exchange rate fluctuations year-over-year.

Earnings

Total operating earnings for the nine months ended September 30, 2019 were \$45.8 million, or 14.4% of sales, compared to \$42.1 million, or 12.8% of sales, in the comparable prior year period. Gross margin dollars were essentially flat year-over-year at \$122.4 million versus \$122.2 million a year ago, but improved as a percent of sales from 37.1% to 38.6%. The gross margin percent increase was largely the result of improved municipal water product mix, the benefit of pricing and lower year-over-year commodity costs, including brass, as well as the nonrecurrence of facility relocation charges incurred in the prior year. SEA expenses for the nine months ended September 30, 2019 decreased \$3.5 million year-over-year of which \$2.1 million related to executive retirement charges in the prior year which did not repeat in 2019. Of the remaining change, normal salary and wage inflation was more than offset by spending controls.

The provision for income taxes as a percentage of earnings before income taxes for the first nine months of 2019 was 23.1% compared to 22.2% for the comparable prior year period. Interim provisions are based on an estimate of the overall annual rate that can vary due to state taxes, the relationship of foreign and domestic earnings, other credits available and tax reform provisions.

Other pension and postretirement costs for the nine months ending September 30, 2018 included settlement charges of \$19.9 million in connection with the planned termination of the Company’s pension plan, which was finalized in 2018.

As a result of the above-mentioned items, net earnings for the nine months ended September 30, 2019 were \$34.9 million, or \$1.19 per diluted share, compared to \$16.6 million, or \$0.57 per diluted share, for the same period in 2018.

LIQUIDITY AND CAPITAL RESOURCES

The main sources of liquidity for the Company are cash from operations and borrowing capacity. In addition, depending on market conditions, the Company may access the capital markets to strengthen its capital position and to provide additional liquidity for general corporate purposes.

Primary Working Capital

The Company uses primary working capital (“PWC”) as a percentage of sales as a key metric for working capital efficiency. The Company defines this metric as the sum of Receivables and Inventories less Payables, divided by trailing twelve month net sales. The following table shows the components of our PWC (in millions):

	September 30, 2019		December 31, 2018	
	\$	PWC%	\$	PWC%
Receivables	\$ 61,406	14.6%	\$ 66,300	15.3%
Inventories	84,835	20.1%	80,804	18.6%
Payables	(32,363)	-7.7%	(22,469)	-5.2%
Primary Working Capital	<u>\$ 113,878</u>	<u>27.0%</u>	<u>\$ 124,635</u>	<u>28.7%</u>

Overall, PWC declined \$10.8 million compared to the previous calendar year end. Receivables at September 30, 2019 declined \$4.9 million due to both lower sales volumes as well as improved collection efforts. Inventories increased modestly at September 30, 2019 with higher backlog, while Payables at September 30, 2019 were \$9.9 million higher than year-end due to the timing of payments and focused payment terms extensions.

Cash Provided by Operations

Cash provided by operations in the first nine months of 2019 was \$61.1 million compared to \$39.9 million in the same period of 2018. The increase is due primarily to effective working capital management.

Capital expenditures for the first nine months of 2019 were \$5.6 million compared to \$7.2 million in the first nine months of 2018.

Short-term debt decreased \$13.5 million to \$4.4 million at September 30, 2019 from \$18.1 million at December 31, 2018 due to the strong cash flow from operations, partially offset by the payment of dividends. At the end of the third quarter of 2019, the Company is in a net cash (cash less short-term debt) position of \$33.4 million.

The Company’s financial condition remains strong. In June 2018, the Company amended its May 2012 credit agreement with its primary lender and extended its term until September 2021. The credit agreement includes a \$125.0 million line of credit that supports commercial paper (up to \$70.0 million) and includes \$5.0 million of a Euro line of credit. While the facility is unsecured, there are a number of financial covenants with which the Company must comply, and the Company was in compliance as of September 30, 2019. The Company believes that its operating cash flows, available borrowing capacity, and its ability to raise capital provide adequate resources to fund ongoing operating requirements, future capital expenditures and the development of new products. The Company continues to take advantage of its local commercial paper market and carefully monitors the current borrowing market. The Company had \$128.2 million of unused credit lines available at September 30, 2019.

Other Matters

The Company is subject to contingencies related to environmental laws and regulations. A future change in circumstances with respect to these specific matters or with respect to sites formerly or currently owned or operated by the Company, off-site disposal locations used by the Company, and property owned by third parties that is near such sites, could result in future costs to the Company and such amounts could be material. Expenditures for compliance with environmental control provisions and regulations during 2018 and the first three quarters of 2019 were not material.

See the “Special Note Regarding Forward Looking Statements” at the front of this Quarterly Report on Form 10-Q and Part I, Item 1A “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 for a discussion of risks and uncertainties that could impact the Company’s financial performance and results of operations.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company's off-balance sheet arrangements and contractual obligations are discussed in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings "Off-Balance Sheet Arrangements" and "Contractual Obligations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and have not materially changed since that report was filed unless otherwise indicated in this Form 10-Q.

Item 3 Quantitative and Qualitative Disclosures about Market Risk

The Company's quantitative and qualitative disclosures about market risk are included in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Market Risks" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and have not materially changed since that report was filed.

Item 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company's management evaluated, with the participation of the Company's President and Chief Executive Officer and the Company's Vice President - Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the quarter ended September 30, 2019. Based upon their evaluation of these disclosure controls and procedures, the Company's President and Chief Executive Officer and the Company's Vice President – Chief Financial Officer concluded that, as of the date of such evaluation, the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

In February 2017, the Board of Directors authorized the repurchase of up to 400,000 shares of the Company’s Common Stock through February 2020. The following table provides information about the Company’s purchases during the quarter ended September 30, 2019 of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act.

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of a publicly announced program	Maximum number of shares that may yet be purchased under the program
July 1, 2019 - July 31, 2019	10,000	\$ 52.12	267,221	132,779
August 1, 2019 - August 31, 2019	—	—	267,221	132,779
September 1, 2019 - September 30, 2019	—	—	267,221	132,779
Total as of September 30, 2019	<u>10,000</u>		267,221	132,779

Item 6 Exhibits

EXHIBIT INDEX

Exhibit No.	Description
10.1*	Form of the Key Executive Employment and Severance Agreement between Badger Meter, Inc. and Chief Executive Officer.
10.2*	Form of the Key Executive Employment and Severance Agreements between Badger Meter, Inc. and certain other executive officers.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Condensed Balance Sheets, (ii) the Consolidated Condensed Statements of Operations, (iii) the Consolidated Condensed Statements of Comprehensive Income, (iv) the Consolidated Condensed Statements of Cash Flows, (v) Consolidated Condensed Statements of Shareholders’ Equity (vi) Notes to Unaudited Consolidated Condensed Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
*	A management contract or compensatory plan or arrangement.

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 thereunto duly authorized.

Dated: October 25, 2019

BADGER METER, INC.

By /s/ Kenneth C. Bockhorst
Kenneth C. Bockhorst
President and Chief Executive Officer

By /s/ Robert A. Wrocklage
Robert A. Wrocklage
Vice President – Chief Financial Officer

By /s/ Daniel R. Weltzien
Daniel R. Weltzien
Vice President – Controller

KEY EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENT

THIS KEY EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENT (this “Agreement”) is made and entered into as of the 9th day of August, 2019, by and between Badger Meter, Inc., a Wisconsin corporation (hereinafter referred to as the “Company”), and _____ (hereinafter referred to as the “Executive”).

W I T N E S S E T H :

WHEREAS, the Executive is employed by the Company and/or a subsidiary of the Company in a key executive capacity, and the Executive’s services are valuable to the conduct of the business of the Company;

WHEREAS, the Board of Directors of the Company (the “Board”) recognizes that circumstances may arise in which a change in control of the Company occurs, through acquisition or otherwise, thereby causing uncertainty about the Executive’s future employment with the Company and/or any such subsidiary without regard to the Executive’s competence or past contributions, which uncertainty may result in the loss of valuable services of the Executive to the detriment of the Company and its shareholders, and the Company and the Executive wish to provide reasonable security to the Executive against changes in the Executive’s relationship with the Company in the event of any such change in control;

WHEREAS, the Company and the Executive desire that any proposal for a change in control or acquisition of the Company will be considered by the Executive objectively and with reference only to the best interests of the Company and its shareholders;

WHEREAS, the Executive will be in a better position to consider the Company’s best interests if the Executive is afforded reasonable security, as provided in this Agreement, against altered conditions of employment which could result from any such change in control or acquisition; and

WHEREAS, if the Executive and the Company have previously entered into a similar agreement, this Agreement supersedes all prior agreements between the Executive and the Company with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement between the Executive and the Company with respect to its subject matter.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto mutually covenant and agree as follows:

1. Definitions. The following terms are used in this Agreement as defined in Exhibit A:

Act	Covered Termination
	Accrued BenefitsEffective Date
	Affiliate and AssociateEmployer
	Annual Cash CompensationGood Reason
	CauseNormal Retirement
	Change in ControlNotice of Termination
	CodePerson
	Competitive ActivityTermination Date

2. Termination or Cancellation Prior to the Effective Date. The Employer shall retain the right to terminate the employment of the Executive at any time prior to the Effective Date. If the Executive's employment is terminated prior to the Effective Date, then this Agreement shall be terminated and cancelled and of no further force or effect and any and all rights and obligations of the parties hereunder shall cease. In addition, this Agreement shall terminate upon the Executive ceasing to be an officer of the Employer prior to a Change in Control unless the Executive can reasonably demonstrate that such change in status occurred under circumstances described in clause (iii)(B)(1) or (iii)(B)(2) of the definition of "Effective Date" in Exhibit A.

3. Employment Period. If the Executive is employed by the Employer on the Effective Date, then the Company will, or will cause the Employer to, continue thereafter to employ the Executive during the Employment Period (as hereinafter defined), and the Executive will remain in the employ of the Employer, in accordance with and subject to the terms and provisions of this Agreement. For purposes of this Agreement, the term "Employment Period" means a period (i) commencing on the Effective Date, and (ii) ending at 11:59 p.m. Milwaukee Time on the third anniversary of such date.

4. Duties. During the Employment Period, the Executive shall devote the Executive's best efforts and all of the Executive's business time, attention and skill to the business and affairs of the Employer, as such business and affairs now exist and as they may hereafter be conducted.

5. Compensation. During the Employment Period, the Executive shall be compensated as follows:

(a) The Executive shall receive, at reasonable intervals (but not less often than monthly) and in accordance with such standard policies as may be in effect immediately prior to the Effective Date, an annual base salary in cash equivalent of not less than twelve times the Executive's highest monthly base salary for the twelve-month period immediately preceding the month in which the Effective Date occurs or, if higher, annual base salary at the rate in effect immediately prior to the Effective Date (which base salary shall, unless otherwise agreed in writing by the Executive, include the current receipt by the Executive of any amounts which, prior to the Effective Date, the Executive had elected to defer, whether such compensation is deferred under Section 401(k) of the Code or otherwise), subject to upward adjustment as provided in Section 6 (such salary amount as adjusted upward from time to time is hereafter referred to as the "Annual Base Salary").

(b)The Executive shall receive fringe benefits at least equal in value to those provided for the Executive at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to any executives of the Company and its Affiliates of comparable status and position to the Executive. The Executive shall be reimbursed, at such intervals and in accordance with such standard policies that are most favorable to the Executive that were in effect at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to any executives of the Company and its Affiliates of comparable status and position to the Executive, for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Company and its Affiliates, including travel expenses.

(c)The Executive and/or the Executive's family, as the case may be, shall be included, to the extent eligible thereunder (which eligibility shall not be conditioned on the Executive's salary grade or on any other requirement that excludes executives of the Company and its Affiliates of comparable status and position to the Executive unless such exclusion was in effect for such plan or an equivalent plan on the date 180 days prior to the Effective Date), in any and all welfare benefit plans, practices, policies and programs providing benefits for the Company's salaried employees in general or, if more favorable to the Executive, to any executives of the Company and its Affiliates of comparable status and position to the Executive, including but not limited to group life insurance, hospitalization, medical and dental plans; provided, that, in no event shall the aggregate level of benefits under such plans, practices, policies and programs in which the Executive is included be less than the greater of: (i) the aggregate level of benefits under plans, practices, policies and programs of the type referred to in this Section 5(c) in which the Executive was participating at any time during the 180-day period immediately preceding the Effective Date and (ii) the aggregate level of benefits under plans, practices, policies and programs of the type referred to in this Section 5(c) provided at any time after the Effective Date to any executive of the Company and its Affiliates of comparable status and position to the Executive.

(d)The Executive shall annually be entitled to not less than the amount of paid vacation and not fewer than the number of paid holidays to which the Executive was entitled annually at any time during the 180-day period immediately preceding the Effective Date or such greater amount of paid vacation and number of paid holidays as may be made available annually to any other executive of the Company and its Affiliates of comparable status and position to the Executive at any time after the Effective Date.

(e)The Executive shall be included in all plans providing additional benefits to any executives of the Company and its Affiliates of comparable status and position to the Executive, including but not limited to deferred compensation, split-dollar life insurance, retirement, supplemental retirement, stock option, stock appreciation, stock bonus and similar or comparable plans; provided, that, in no event shall the aggregate level of benefits under such plans be less than the greater of: (i) the aggregate level of benefits under plans of the type referred to in this Section 5(e) in which the Executive was participating at any time during the 180-day period immediately preceding the Effective Date and (ii) the aggregate level of benefits under plans of the type referred to in this Section 5(e) provided at any time after the Effective Date to any executive of the Company and its Affiliates of comparable status and position to the Executive. The Company's obligation to include the Executive in bonus or incentive compensation plans shall be determined by Section 5(f).

(f) To assure that the Executive will have an opportunity to earn incentive compensation after the Effective Date, the Executive shall be included in a bonus plan of the Company that shall satisfy the standards described below (the "Bonus Plan"). Bonuses under the Bonus Plan shall be payable with respect to achieving such financial or other goals reasonably related to the business of the Company, including the Employer, as the Company shall establish (the "Goals"), all of which Goals shall be attainable, prior to the end of the Employment Period, with approximately the same degree of probability as the goals under the Employer's annual incentive plan currently in effect, or the successor to such plan, in the form most favorable to the Executive that was in effect at any time during the 180-day period prior to the Effective Date (the "Existing Plan") and in view of the Company's existing and projected financial and business circumstances applicable at the time. The amount of the bonus (the "Bonus Amount") that the Executive is eligible to earn under the Bonus Plan shall be no less than the amount of the Executive's highest maximum potential award under the Existing Plan at any time during the 180-day period prior to the Effective Date or, if higher, any maximum potential award under the Bonus Plan or any other bonus or incentive compensation plan in effect after the Effective Date for the Executive or for any executive of the Company and its Affiliates of comparable status and position to the Executive (such bonus amount herein referred to as the "Targeted Bonus"), and if the Goals are not achieved (and, therefore, the entire Targeted Bonus is not payable), then the Bonus Plan shall provide for a payment of a Bonus Amount not less than a portion of the Targeted Bonus reasonably related to that portion of the Goals that were achieved. Payment of the Bonus Amount (i) shall be in cash, unless otherwise agreed by the Executive, and (ii) shall not be affected by any circumstance occurring subsequent to the end of the Employment Period, including termination of the Executive's employment.

6. Annual Compensation Adjustments. During the Employment Period, the Board of Directors of the Company (or an appropriate committee thereof) will consider and appraise, at least annually, the contributions of the Executive to the Employer, and in accordance with the Company's practice prior to the Effective Date, due consideration shall be given, at least annually, to the upward adjustment of the Executive's Annual Base Salary (i) commensurate with increases generally given to other executives of the Company and its Affiliates of comparable status and position to the Executive, and (ii) as the scope of the Company's operations or the Executive's duties expand.

7. Termination During Employment Period.

(a) Right to Terminate. During the Employment Period, (i) the Company shall be entitled to terminate the Executive's employment (A) for Cause, (B) by reason of the Executive's disability pursuant to Section 11, or (C) for any other reason, and (ii) the Executive shall be entitled to terminate the Executive's employment for any reason. Any such termination shall be subject to the procedures set forth in Section 12 and shall be subject to any consequences of such termination set forth in this Agreement. Any termination of the Executive's employment during the Employment Period by the Employer shall be deemed a termination by the Company for purposes of this Agreement.

(b) Termination for Cause or Without Good Reason. If there is a Covered Termination for Cause under the circumstances described in clause (i)(B) of the definition of Cause, or due to the Executive's voluntarily terminating the Executive's employment other than for Good Reason, then the Executive shall be entitled to receive only Accrued Benefits. If there is a Covered Termination for Cause under the circumstances described in any of clauses (i)(A), (i)(C), (i)(D) or (i)(E) of the definition of Cause, then the Executive shall not be entitled to receive Accrued Benefits or any other payment or benefit under this Agreement, and shall only be entitled to receive payments or benefits to which the Executive is entitled under applicable law.

(c) Termination Giving Rise to a Termination Payment. If there is a Covered Termination by the Executive for Good Reason, or by the Company other than by reason of (i) death, (ii) disability pursuant to Section 11, or (iii) Cause, then the Executive shall be entitled to receive, and the Company shall pay, Accrued Benefits and, in lieu of further base salary for periods following the Termination Date, as liquidated damages and additional severance pay and in consideration of the covenant of the Executive set forth in Section 13(a), the Termination Payment pursuant to Section 8(a).

8. Payments Upon Termination.

(a) Termination Payment.

(i) Subject to the limits set forth in Section 8(a)(ii), for purposes of this Agreement, the “Termination Payment” shall be an amount equal to the Annual Cash Compensation multiplied by the number of years or fractional portion thereof remaining in the Employment Period determined as of the Termination Date, except that the Termination Payment shall not be less than the amount of Annual Cash Compensation. The Termination Payment shall be paid to the Executive in cash not later than ten business days after the Termination Date. The Executive shall not be required to mitigate the amount of the Termination Payment by securing other employment or otherwise, nor will such Termination Payment be reduced by reason of the Executive securing other employment or for any other reason.

(ii) Notwithstanding any other provision of this Agreement, if any portion of the Termination Payment or any other payment under this Agreement, or under any other agreement with or plan of the Company or the Employer (in the aggregate “Total Payments”), would constitute an “excess parachute payment,” then the Total Payments to be made to the Executive shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be One Dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code (or any successor provision) or which the Company may pay without loss of deduction under Section 280G(a) of the Code (or any successor provision). For purposes of this Agreement, the terms “excess parachute payment” and “parachute payments” shall have the meanings assigned to them in Section 280G of the Code (or any successor provision), and such “parachute payments” shall be valued as provided therein. Present value for purposes of this Agreement shall be calculated in accordance with Section 1274(b)(2) of the Code (or any successor provision). Within sixty days following delivery of the Notice of Termination or notice by the Company to the Executive of its belief that there is a payment or benefit due the Executive which will result in an excess parachute payment as defined in Section 280G of the Code (or any successor provision), the Executive and the Company, at the Company’s expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel selected by the Company’s independent auditors and acceptable to the Executive in the Executive’s sole discretion, which sets forth (A) the amount of the Base Period Income, (B) the amount and present value of Total Payments and (C) the amount and present value of any excess parachute payments without regard to the limitations of this Section 8(a)(ii). As used in this Section 8(a)(ii), the term “Base Period Income” means an amount equal to the Executive’s “annualized includable compensation for the base period” as defined in Section 280G(d)(1) of the Code (or any successor provision). For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company’s independent auditors in accordance with the principles of Sections 280G(d)(3) and

(4) of the Code (or any successor provisions), which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Executive. Such opinion shall be dated as of the Termination Date and addressed to the Company and the Executive and shall be binding upon the Company and the Executive. If such opinion determines that there would be an excess parachute payment, then the Termination Payment hereunder or any other payment determined by such counsel to be includable in Total Payments shall be reduced or eliminated as specified by the Executive in writing delivered to the Company within thirty days of the Executive's receipt of such opinion or, if the Executive fails to so notify the Company, then as the Company shall reasonably determine, so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such counsel so requests in connection with the opinion required by this Section, the Executive and the Company shall obtain, at the Company's expense, and the counsel may rely on in providing the opinion, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Executive. Notwithstanding the foregoing, the provisions of this Section 8(a)(ii), including the calculations, notices and opinions provided for herein, shall be based upon the conclusive presumption that the following are reasonable: (1) the compensation and benefits provided for in Section 5 and (2) any other compensation, including but not limited to the Accrued Benefits, earned prior to the Termination Date by the Executive pursuant to the Company's compensation programs if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change in Control or the Termination Date. If the provisions of Sections 280G and 4999 of the Code (or any successor provisions) are repealed without succession, then this Section 8(a)(ii) shall be of no further force or effect.

(b)**Additional Benefits.** If there is a Covered Termination and the Executive is entitled to Accrued Benefits and the Termination Payment, then the Executive shall be entitled to the following additional benefits:

(i)The Executive will be entitled to pension benefits in addition to the most favorable benefits provided for the Executive under any version of the Badger Meter Pension Plan and the Badger Meter, Inc. Executive Supplemental Plan (or any successors to such plans) in effect at any time during the 180-day period prior to the Effective Date (the "Retirement Plans"). The amount of additional pension benefits will be equal to the difference between the amount the Executive (or in the event of the Executive's death, the Executive's surviving spouse or other beneficiary) would be actually entitled to receive upon "retirement" under the terms and conditions of the Retirement Plans and the amount the Executive (or such surviving spouse or beneficiary) would have been entitled to receive under such terms and conditions if the Executive's benefits under the Retirement Plans had been fully vested on the Termination Date and the Executive had continued to work for the remainder of the Employment Period at a salary rate equal to the Executive's Annual Base Salary; provided, however, that in no event will the assumed period of continued employment extend beyond the date on which the Executive elects to begin receiving the additional pension benefits. The Executive shall receive the Executive's additional pension benefits in cash not later than ten (10) business days after the Termination Date. The amount of such payment shall be calculated in the same manner as a lump sum payment of accrued benefits is calculated under the Badger Meter Pension Plan.

(ii)Until the earlier of the end of the Employment Period or such time as the Executive has obtained new employment and is covered by benefits which in the aggregate

are at least equal in value to the following benefits, the Executive shall continue to be covered, at the expense of the Company, by the most favorable life insurance, hospitalization, medical and dental coverage and other welfare benefits provided to the Executive and the Executive's family during the 180-day period immediately preceding the Effective Date or at any time thereafter or, if more favorable to the Executive, coverage as was required hereunder with respect to the Executive immediately prior to the date Notice of Termination is given; provided, however, that if the Executive is otherwise entitled to receive hospitalization and/or medical coverage under a plan or plans for early retirees sponsored by the Company or a subsidiary thereof, then the Executive shall not be eligible for such hospitalization or medical coverage under this Section 8(b)(ii). If the Executive is eligible for Medicare, the Executive shall be obligated to apply for coverage thereunder at the earliest opportunity and the Company will reimburse the Executive for the Part B premium cost. Notwithstanding anything to the contrary in the foregoing, if health care coverage is provided pursuant to the first sentence of this Section 8(b)(ii) following the end of the COBRA continuation period under a health plan that is subject to Code Section 105(h), then benefits payable under such health plan shall comply with the requirements of Treasury regulation section 1.409A-3(i)(1)(iv)(A) and, if necessary, the Company shall amend such health plan to comply therewith.

(iii) Until the earlier of the end of the Employment Period or such time as the Executive has obtained new employment, the Executive shall be entitled to receive, at the expense of the Company, outplacement services, on an individualized basis at a level of service commensurate with the Executive's most senior status with the Company during the 180-day period prior to the Effective Date (or, if higher, at any time after the Effective Date), provided by a nationally recognized executive placement firm selected by the Company with the consent of the Executive, which consent will not be unreasonably withheld; provided that the cost to the Company of such services shall not exceed 15% of the Executive's Annual Base Salary.

(iv) The Company shall bear up to \$5,000 in the aggregate of fees and expenses of consultants and/or legal or accounting advisors engaged by the Executive to advise the Executive as to matters relating to the computation of benefits due and payable under this Section 8.

9. Death. (a) In the event of a Covered Termination due to the Executive's death, the Executive's estate, heirs and beneficiaries shall receive a payment of all the Executive's Accrued Benefits through the Termination Date in cash payable not later than ten (10) business days after the Termination Date.

(b) If the Executive dies after a Notice of Termination is given (i) by the Company or (ii) by the Executive for Good Reason, then the Executive's estate, heirs and beneficiaries shall be entitled to the benefits described in Section 9(a) and, subject to the provisions of this Agreement, to such Termination Payment to which the Executive would have been entitled had the Executive lived. In such event, the Termination Date shall be thirty days following the giving of the Notice of Termination, subject to extension pursuant to the definition of "Termination Date" in Exhibit A.

10. Retirement. If, during the Employment Period, the Executive and the Employer shall execute an agreement providing for the early retirement of the Executive from the Employer, or the Executive shall otherwise give notice that the Executive is voluntarily choosing to retire early from the Employer, then the Executive shall receive Accrued Benefits through the Termination Date; provided, that if the Executive's employment is terminated by the Executive for

Good Reason or by the Company other than by reason of death, disability or Cause and the Executive also, in connection with such termination, elects voluntary early retirement, then the Executive shall also be entitled to receive a Termination Payment pursuant to Section 8(a).

11. Termination for Disability. If, during the Employment Period, as a result of the Executive's disability due to physical or mental illness or injury (regardless of whether such illness or injury is job-related), the Executive shall have been absent from the Executive's duties hereunder on a full-time basis for a period of 182 days and, within thirty days after the Company notifies the Executive in writing that it intends to terminate the Executive's employment (which notice shall not constitute the Notice of Termination contemplated below), the Executive shall not have returned to the performance of the Executive's duties hereunder on a full-time basis, then the Company may terminate the Executive's employment for purposes of this Agreement pursuant to a Notice of Termination. If the Executive's employment is terminated on account of the Executive's disability in accordance with this Section, then the Executive shall receive Accrued Benefits in accordance with Section 8(a) and shall remain eligible for all benefits provided by any disability programs of the Employer in effect with respect to the Executive at the time the Company sends notice to the Executive of its intent to terminate pursuant to this Section.

Termination Notice and Procedure. (a) Any termination of the Executive's employment during the Employment Period by the Company or the Executive (other than a termination of the Executive's employment referenced in the second sentence of the definition of "Effective Date" in Exhibit A) shall be communicated by written Notice of Termination to the Executive, if such Notice is given by the Company, and to the Company, if such Notice is given by the Executive, all in accordance with the following procedures and those set forth in Section 22:

(i) If such termination is for disability, Cause or Good Reason, the Notice of Termination shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such termination.

(ii) Any Notice of Termination by the Company shall have been approved, prior to the giving thereof to the Executive, by a resolution duly adopted by a majority of the directors of the Company (or any successor corporation) then in office, a copy of which shall accompany the Notice.

(iii) If the Notice is given by the Executive for Good Reason, then the Executive may cease performing the Executive's duties hereunder on or after the date 15 days after the delivery of Notice of Termination (unless the Notice of Termination is based upon clause (vii) of the definition of "Good Reason" in Exhibit A, in which case the Executive may cease performing his duties at the time the Executive's employment is terminated) and shall in any event cease employment on the Termination Date, if any, arising from the delivery of such Notice. If the Notice is given by the Company, then the Executive may cease performing the Executive's duties hereunder on the date of receipt of the Notice of Termination, subject to the Executive's rights hereunder.

(iv) The recipient of any Notice of Termination shall deliver in accordance with Section 22 written notice of any dispute relating to such Notice of Termination to the party giving such Notice within fifteen days after receipt thereof. After the expiration of such fifteen days, in the absence of such notice of dispute, the contents of the Notice of Termination shall become final and not subject to dispute.

Notwithstanding the foregoing, (A) if the Executive terminates the Executive's employment after a Change in Control without complying with this Section 12, then the Executive will be deemed to have voluntarily terminated the Executive's employment other than for Good Reason and deemed to have delivered a written Notice of Termination to that effect to the Company as of the date of such termination and (B) if the Company terminates the Executive's employment after a Change in Control without complying with this Section 12, then the Company will be deemed to have terminated the Executive's employment other than by reason of death, disability or Cause and the Company will be deemed to have delivered a written Notice of Termination to that effect to the Executive as of the date of such termination.

(b) If a Change in Control occurs and the Executive's employment with the Employer terminates (whether by the Company, the Executive or otherwise) within 180 days prior to the Change in Control, then the Executive may assert that such termination is a Covered Termination by sending a written Notice of Termination to the Company at any time prior to the first anniversary of the Change in Control in accordance with the procedures set forth in this Section 12(b) and those set forth in Section 22. If the Executive asserts that the Executive terminated the Executive's employment for Good Reason or that the Company terminated the Executive's employment other than for disability or Cause, then the Notice of Termination shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such assertions. The Company shall, in accordance with Section 22, give written notice of any dispute relating to such Notice of Termination to the Executive within fifteen days after receipt thereof. After the expiration of such fifteen days, in the absence of such notice of dispute, the contents of the Notice of Termination shall become final and not subject to dispute.

13. Further Obligations of the Executive.

(a) Competition. The Executive agrees that, in the event of any Covered Termination where the Executive is entitled to (and receives) Accrued Benefits and the Termination Payment, the Executive shall not, for a period of six months after the Termination Date, without the prior written approval of the Company's Board of Directors, engage in any Competitive Activity.

(b) Confidentiality. During and following the Executive's employment by the Employer, the Executive shall hold in confidence and not directly or indirectly disclose or use or copy or make lists of any confidential information or proprietary data of the Company (including that of the Employer), except to the extent authorized in writing by the Board of Directors of the Company or required by any court or administrative agency, other than to an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of duties as an executive of the Company or the Employer. Confidential information shall not include any information known generally to the public or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that of the Company. All records, files, documents and materials, or copies thereof, relating to the business of the Company which the Executive shall prepare, or use, or come into contact with, shall be and remain the sole property of the Company and shall be promptly returned to the Company upon termination of employment with the Employer.

14. Expenses and Interest. If, after the Effective Date, (i) a dispute arises with respect to the enforcement of the Executive's rights under this Agreement, (ii) any legal or arbitration proceeding shall be brought to enforce or interpret any provision contained herein or to recover damages for breach hereof, or (iii) any tax audit or proceeding is commenced that is attributable in part

to the application of Section 4999 of the Code, in any case so long as the Executive is not acting in bad faith, then the Company shall reimburse the Executive for any reasonable attorneys' fees and necessary costs and disbursements incurred as a result of such dispute, legal or arbitration proceeding or tax audit or proceeding ("Expenses"), and prejudgment interest on any money judgment or arbitration award obtained by the Executive calculated at the rate of interest announced by Firststar Bank, Milwaukee, Wisconsin, from time to time as its prime or base lending rate from the date that payments to the Executive should have been made under this Agreement. Within ten days after the Executive's written request therefor, the Company shall pay to the Executive, or such other person or entity as the Executive may designate in writing to the Company, the Executive's reasonable Expenses in advance of the final disposition or conclusion of any such dispute, legal or arbitration proceeding.

15. Payment Obligations Absolute. The Company's obligation during and after the Employment Period to pay the Executive the amounts and to make the benefit and other arrangements provided herein shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against the Executive or anyone else. Except as provided in Section 14, all amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company shall be final, and the Company will not seek to recover all or any part of such payment from the Executive, or from whomsoever may be entitled thereto, for any reason whatsoever.

16. Successors. (a) If the Company sells, assigns or transfers all or substantially all of its business and assets to any Person or if the Company merges into or consolidates or otherwise combines (where the Company does not survive such combination) with any Person (any such event, a "Sale of Business"), then the Company shall assign all of its right, title and interest in this Agreement as of the date of such event to such Person, and the Company shall cause such Person, by written agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform from and after the date of such assignment all of the terms, conditions and provisions imposed by this Agreement upon the Company. Failure of the Company to obtain such agreement prior to the effective date of such Sale of Business shall be a breach of this Agreement constituting "Good Reason" hereunder, except that for purposes of implementing the foregoing, the date upon which such Sale of Business becomes effective shall be deemed the Termination Date. In case of such assignment by the Company and of assumption and agreement by such Person, as used in this Agreement, "Company" shall thereafter mean such Person which executes and delivers the agreement provided for in this Section 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law, and this Agreement shall inure to the benefit of, and be enforceable by, such Person. The Executive shall, in the Executive's discretion, be entitled to proceed against any or all of such Persons, any Person which theretofore was such a successor to the Company (as defined in the first paragraph of this Agreement) and the Company (as so defined) in any action to enforce any rights of the Executive hereunder. Except as provided in this Subsection, this Agreement shall not be assignable by the Company. This Agreement shall not be terminated by the voluntary or involuntary dissolution of the Company.

(b) This Agreement and all rights of the Executive shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, heirs and beneficiaries. In the event of the Executive's death after a Covered Termination, all amounts payable to the Executive under Sections 7, 8, 9, 10, 11 and 14 if the Executive had lived shall be paid to the Executive's heirs and representatives; provided, however, that the foregoing shall not be

construed to modify any terms of any benefit plan of the Employer, as such terms are in effect on the Effective Date, that expressly govern benefits under such plan in the event of the Executive's death.

17. Severability. The provisions of this Agreement shall be regarded as divisible, and if any of said provisions or any part hereof are declared invalid or unenforceable by a court of competent jurisdiction, then the validity and enforceability of the remainder of such provisions or parts hereof and the applicability thereof shall not be affected thereby.

18. Amendment. This Agreement may not be amended or modified at any time except by written instrument executed by the Company and the Executive.

19. Withholding. The Employer shall be entitled to withhold from amounts to be paid to the Executive hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold; provided, that the amount so withheld shall not exceed the minimum amount required to be withheld by law. The Employer shall be entitled to rely on an opinion of nationally recognized tax counsel if any question as to the amount or requirement of any such withholding shall arise.

20. Certain Rules of Construction. No party shall be considered as being responsible for the drafting of this Agreement for the purpose of applying any rule construing ambiguities against the drafter or otherwise. No draft of this Agreement shall be taken into account in construing this Agreement. Any provision of this Agreement which requires an agreement in writing shall be deemed to require that the writing in question be signed by the Executive and an authorized representative of the Company.

21. Governing Law; Resolution of Disputes. (a) This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the internal laws of the State of Wisconsin (excluding any choice of law rules that may direct the application of the laws of another jurisdiction) except that Section 21(b) shall be construed in accordance with the Federal Arbitration Act if arbitration is chosen by the Executive as the method of dispute resolution.

(b) Any dispute arising out of this Agreement shall, at the Executive's election, be determined by arbitration under the rules of the American Arbitration Association then in effect (but subject to any evidentiary standards set forth in this Agreement), in which case both parties shall be bound by the arbitration award, or by litigation. Whether the dispute is to be settled by arbitration or litigation, the venue for the arbitration or litigation shall be Milwaukee, Wisconsin or, at the Executive's election, if the Executive is no longer residing or working in the Milwaukee, Wisconsin metropolitan area, in the judicial district encompassing the city in which the Executive resides; provided, that, if the Executive is not then residing in the United States, the election of the Executive with respect to such venue shall be either Milwaukee, Wisconsin or in the judicial district encompassing that city in the United States among the thirty cities having the largest population (as determined by the most recent United States Census data available at the Termination Date) that is closest to the Executive's residence. The parties consent to personal jurisdiction in each trial court in the selected venue having subject matter jurisdiction notwithstanding their residence or situs, and each party irrevocably consents to service of process in the manner provided hereunder for the giving of notices.

22. Notice. Notices given pursuant to this Agreement shall be in writing and shall be deemed given when actually received by the Executive or actually received by the Company's

Secretary or any officer of the Company other than the Executive. For purposes of the notice of dispute provided for under Sections 12(a)(iv) and 12(b), notice is deemed given on the earlier of the date when actually delivered to the recipient or when mailed. If mailed, such notices shall be mailed by United States registered or certified mail, return receipt requested, addressee only, postage prepaid, if to the Company, to Badger Meter, Inc., Attention: Secretary (or, if the Executive is then Secretary, to the Chief Executive Officer), 4545 West Brown Deer Road, Milwaukee, Wisconsin 53223, or if to the Executive, at the address set forth below the Executive's signature to this Agreement, or to such other address as the party to be notified shall have theretofore given to the other party in writing.

23. Additional Payment. (a) If, notwithstanding the provisions of Section 8(a)(ii), but subject to subsection (b), it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of Total Payments is subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any successor provision), then the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive after deduction of any Excise Tax and any interest charges or penalties in respect of the imposition of such Excise Tax (but not any federal, state or local income tax) on the Total Payments, and any federal, state and local income tax and Excise Tax upon the payment provided for by this Section 23 shall be equal to the Total Payments. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of the Executive's domicile for income tax purposes on the date the Gross-Up Payment is made, net of the maximum reduction in federal income taxes that could be obtained from deduction of such state and local taxes.

(b) If legislation is enacted that would require the Company's shareholders to approve this Agreement, prior to a Change in Control, due solely to the provision contained in subsection (a) of this Section 23, then

(i) from and after such time as shareholder approval would be required, until shareholder approval is obtained as required by such legislation, subsection (a) shall be of no force and effect;

(ii) if the Company seeks shareholder approval of any other agreement providing similar benefits to any other executive of the Company, then the Company shall seek shareholder approval of this Agreement at the same shareholders' meeting or meetings at which the shareholders consider any such other agreement; and

(iii) the Company and the Executive shall use their best efforts to consider and agree in writing upon an amendment to this Section 23 such that, as amended, this Subsection would provide the Executive with the benefits intended to be afforded to the Executive by subsection (a) without requiring shareholder approval.

24. No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

25. Headings. The headings herein contained are for reference only and shall not affect the meaning or interpretation of any provision of this Agreement.

26. Code Section 409A. (a) This Agreement is intended to comply with Code Section 409A, to the extent applicable, and shall be construed and interpreted consistent with that intent.

(b) If and to the extent that any payment or benefit under this Agreement is determined to constitute “non-qualified deferred compensation” subject to Code Section 409A and is payable to the Executive by reason of the Executive’s termination of employment, then (a) such payment or benefit shall be made or provided to the Executive only upon a “separation from service” as defined for purposes of Code Section 409A under applicable regulations (a “Separation from Service”) and (b) if the Executive is a “specified employee” (within the meaning of Code Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six (6) months after the date of the Executive’s Separation from Service (or the Executive’s earlier death) to the extent required for compliance with Code Section 409A. In addition, if the Executive is a Specified Employee and receives continuing life insurance coverage under a group term life insurance policy following termination of employment, then, during the first six (6) months following the Separation from Service, to the extent such life insurance coverage provides a benefit in excess of \$50,000 and the Company cannot pay for such coverage in compliance with Code Section 409A, the Executive shall pay the Company for such coverage and, after the end of such six (6)-month period, the Company shall make a cash payment to the Executive equal to the aggregate premiums paid by the Executive for such coverage.

(c) To the extent any indemnification payment, expense reimbursement, or the provision of any in-kind benefit under this Agreement is determined to be subject to (and not exempt from) Code Section 409A, the amount of any such indemnification payment or expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the indemnification payment or provision of in-kind benefits or expenses eligible for reimbursement in any other calendar year (except for any life-time or other aggregate limitation applicable to medical expenses), and in no event shall any indemnification payment or expenses be reimbursed after the last day of the calendar year following the calendar year in which the Executive incurred such indemnification payment or expenses, and in no event shall any right to indemnification payment or reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit, in each case to the extent required for compliance with Code Section 409A.

[Signatures are on the next page.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

BADGER METER, INC.

By: _____

Name: Robert A. Wrocklage

Title: V.P. – Chief Financial Officer

Attest: _____

Name: William R. Bergum

Title: V.P. – General Counsel & Secretary

EXECUTIVE

Name: Kenneth C. Bockhorst

Address: _____

Exhibit A

CERTAIN DEFINED TERMS

For purposes of this Agreement,

(a)Act. The term “Act” means the Securities Exchange Act of 1934, as amended.

(b)Accrued Benefits. The term “Accrued Benefits” shall include the following amounts, payable as described herein: (i) all base salary for the time period ending with the Termination Date; (ii) reimbursement for any and all monies advanced in connection with the Executive’s employment for reasonable and necessary expenses incurred by the Executive on behalf of the Company and its Affiliates for the time period ending with the Termination Date; (iii) any and all other cash earned through the Termination Date and deferred at the election of the Executive or pursuant to any deferred compensation plan then in effect; (iv) notwithstanding any provision of any bonus or incentive compensation plan applicable to the Executive, a lump sum amount, in cash, equal to the sum of (A) any bonus or incentive compensation that has been allocated or awarded to the Executive for a fiscal year or other measuring period under the plan that ends prior to the Termination Date but has not yet been paid (pursuant to Section 5(f) or otherwise) and (B) a pro rata portion to the Termination Date of the aggregate value of all contingent bonus or incentive compensation awards to the Executive for all uncompleted periods under the plan calculated as to each such award as if the Goals with respect to such bonus or incentive compensation award had been attained; and (v) all other payments and benefits to which the Executive (or in the event of the Executive’s death, the Executive’s surviving spouse or other beneficiary) may be entitled as compensatory fringe benefits or under the terms of any benefit plan of the Employer, including severance payments under the Employer’s severance policies and practices in the form most favorable to the Executive that were in effect at any time during the 180-day period prior to the Effective Date. Payment of Accrued Benefits shall be made in accordance with the Employer’s prevailing practice with respect to clauses (i) and (ii) or, with respect to clauses (iii), (iv) and (v), pursuant to the terms of the benefit plan or practice establishing such benefits, but in any event not later than ten business days after the Termination Date.

(c)Affiliate and Associate. The terms “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations of the Act.

(d)Annual Cash Compensation. The term “Annual Cash Compensation” shall mean the sum of (A) the Executive’s Annual Base Salary, plus (B) the highest of (1) the highest annual bonus or incentive compensation award earned by the Executive under any cash bonus or incentive compensation plan of the Company or any of its Affiliates during the three complete fiscal years of the Company immediately preceding the Termination Date or, if more favorable to the Executive, during the three complete fiscal years of the Company immediately preceding the Effective Date; (2) the Executive’s bonus or incentive compensation Targeted Bonus for the fiscal year in which the Termination Date occurs; or (3) the highest average annual bonus and/or incentive compensation earned during the three complete fiscal years of the Company immediately preceding the Termination Date (or, if more favorable to the Executive, during the three complete fiscal years of the Company immediately preceding the Effective Date) under any cash bonus or incentive compensation plan of the Company or any of its Affiliates by the group of executives of the Company and its Affiliates participating under such plan during such fiscal years at a status or position comparable to that at which

the Executive participated or would have participated pursuant to the Executive's most senior position at any time during the 180 days preceding the Effective Date or thereafter until the Termination Date.

(e)Cause. The Company may terminate the Executive's employment after the Effective Date for "Cause" only if the conditions set forth in paragraphs (i) and (ii) have been met and the Company otherwise complies with this Agreement:

(i)(A) the Executive has committed any act of fraud, embezzlement or theft in connection with the Executive's duties as an Executive or in the course of employment with the Company and/or its subsidiaries; (B) the Executive has willfully and continually failed to perform substantially the Executive's duties with the Company or any of its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or injury, regardless of whether such illness or injury is job-related) for an appropriate period, which shall not be less than 30 days, after the Chief Executive Officer of the Company (or, if the Executive is then Chief Executive Officer, the Board) has delivered a written demand for performance to the Executive that specifically identifies the manner in which the Chief Executive Officer (or the Board, as the case may be) believes the Executive has not substantially performed the Executive's duties; (C) the Executive has willfully engaged in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company; (D) the Executive has willfully and wrongfully disclosed any trade secret or other confidential information of the Company or any of its Affiliates; or (E) the Executive has engaged in any Competitive Activity; and in any such case the act or omission shall have been determined by the Board to have been materially harmful to the Company and its subsidiaries taken as a whole.

For purposes of this provision, (1) no act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company and (2) any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(ii)(A) The Company terminates the Executive's employment by delivering a Notice of Termination to the Executive, (B) prior to the time the Company has terminated the Executive's employment pursuant to a Notice of Termination, the Board, by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board, has adopted a resolution finding that the Executive was guilty of conduct set forth in this definition of Cause, and specifying the particulars thereof in detail, at a meeting of the Board called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) and (C) the Company delivers a copy of such resolution to the Executive with the Notice of Termination at the time the Executive's employment is terminated.

In the event of a dispute regarding whether the Executive's employment has been terminated for Cause, no claim by the Company that the Company has terminated the Executive's employment for Cause in accordance with this Agreement shall be given effect unless the Company establishes by clear and convincing evidence that the Company has complied with the requirements of this Agreement to terminate the Executive's employment for Cause.

(f)Change in Control. A “Change in Control” shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) any Person (other than Excluded Persons, as defined below) is or becomes the “Beneficial Owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after July 31, 1999 pursuant to express authorization by the Board that refers to this exception and not including securities of the Company subject to proxies held by such Person, but including securities of the Company subject to exercisable options held by such Person) representing 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities. “Excluded Persons” shall mean (A) the Company; (B) any subsidiary of the Company; (C) any employee benefit plan of the Company or any subsidiary of the Company (collectively, “Employee Benefit Plans”); (D) any entity holding securities for or pursuant to the terms of any Employee Benefit Plans; (E) any trustee, administrator or fiduciary of any Employee Benefit Plans in their capacities as such; (F) an underwriter temporarily holding securities pursuant to an offering of such securities; (G) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company; and (H) any Person who has reported or is required to report their ownership on Schedule 13G under the Act (or any comparable or successor report) or on Schedule 13D under the Act (or any comparable or successor report), which Schedule 13D does not disclose pursuant to Item 4 thereto (or any comparable successor item or section) an intent, or reserve the right, to engage in a control transaction, any contested solicitation for the election of directors or any of the other actions specified in Item 4 thereto (or any comparable successor item or section), who inadvertently becomes the Beneficial Owner of 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities and, within ten business days of being requested by the Company to advise it regarding the same, certifies to the Company that such Person acquired 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities inadvertently and who or which, together with all Affiliates and Associates, thereafter does not acquire additional shares of common stock or voting securities of the Company while the Beneficial Owner of 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities; provided, however, that if the Person requested to so certify fails to do so within ten business days or breaches or violates such certification, then such Person shall cease to be an Excluded Person immediately after such ten business day period or such breach or violation; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on July 31, 1999, constituted the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A under the Act) whose appointment or election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on July 31, 1999 or whose appointment, election or nomination for election was previously so approved; or

(iii)the shareholders of the Company approve a merger, consolidation or share exchange of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger, consolidation or share exchange of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (A) a merger, consolidation or share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or share exchange continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than an Excluded Person) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after July 31, 1999 pursuant to express authorization by the Board that refers to this exception) representing 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(iv)the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, no "Change in Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity that owns all or substantially all of the assets or voting securities of the Company immediately following such transaction or series of transactions.

(g)Code. The term "Code" means the Internal Revenue Code of 1986, including any amendments thereto or successor tax codes thereof.

(h)Competitive Activity. The Executive shall engage in a "Competitive Activity" if the Executive participates in the management of, is employed by or owns any interest in any business enterprise at a location within the United States that engages in substantial competition with the Company or its subsidiaries, where such enterprise's revenues from any competitive activities amount to 10% or more of such enterprise's consolidated net revenues and sales for its most recently completed fiscal year; provided, however, that owning stock or other securities of a competitor amounting to less than five percent of the outstanding capital stock of such competitor shall not be a "Competitive Activity".

(i)Covered Termination. The term "Covered Termination" means any termination of the Executive's employment during the Employment Period where the Termination

Date or the date Notice of Termination is delivered is any date on or prior to the end of the Employment Period.

(j)Effective Date. The term “Effective Date” shall mean the first date on which a Change in Control occurs. Anything in this Agreement to the contrary notwithstanding, if (i) a Change in Control occurs, (ii) the Executive’s employment with the Employer terminates (whether by the Company, the Executive or otherwise) within 180 days prior to the Change in Control and (iii) it is reasonably demonstrated by the Executive that (A) any such termination of employment by the Employer (1) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (2) otherwise arose in connection with or in anticipation of a Change in Control, or (B) any such termination of employment by the Executive took place subsequent to the occurrence of an event described in clause (ii), (iii), (iv) or (v) of the definition of “Good Reason” which event (1) occurred at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (2) otherwise arose in connection with or in anticipation of a Change in Control, then for all purposes of this Agreement the term “Effective Date” shall mean the day immediately prior to the date of such termination of employment.

(k)Employer. The term “Employer” means the Company and/or any subsidiary of the Company that employed the Executive immediately prior to the Effective Date.

(l)Good Reason. The Executive shall have a “Good Reason” for termination of employment on or after the Effective Date if the Executive determines in good faith that any of the following events has occurred:

(i)any breach of this Agreement by the Company, including specifically any breach by the Company of its agreements contained in Section 5, Section 6, Section 8(a) or Section 16(a), other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that the Company remedies promptly after receipt of notice thereof given by the Executive;

(ii)any reduction in the Executive’s base salary, percentage of base salary available as incentive compensation or bonus opportunity or benefits, in each case relative to those most favorable to the Executive in effect at any time during the 180-day period prior to the Effective Date or, to the extent more favorable to the Executive, those in effect after the Effective Date;

(iii)a material adverse change, without the Executive’s prior written consent, in the Executive’s working conditions or status with the Company or the Employer from such working conditions or status in effect during the 180-day period prior to the Effective Date or, to the extent more favorable to the Executive, those in effect after the Effective Date, including but not limited to (A) a material change in the nature or scope of the Executive’s titles, authority, powers, functions, duties, reporting requirements or responsibilities, or (B) a material reduction in the level of support services, staff, secretarial and other assistance, office space and accoutrements, but excluding for this purpose an isolated, insubstantial and inadvertent event not occurring in bad faith that the Company remedies promptly after receipt of notice thereof given by the Executive;

(iv) the relocation of the Executive's principal place of employment to a location more than 35 miles from the Executive's principal place of employment on the date 180 days prior to the Effective Date;

(v) the Employer requires the Executive to travel on Employer business to a materially greater extent than was required during the 180 day period prior to the Effective Date;

(vi) failure by the Company to obtain the agreement referred to in Section 16(a) as provided therein; or

(vii) the Company or the Employer terminates the Executive's employment after a Change in Control without delivering a Notice of Termination in accordance with Section 12;

provided that (A) any such event occurs following the Effective Date or (B) in the case of any event described in clauses (ii), (iii), (iv) or (v) above, such event occurs on or prior to the Effective Date under circumstances described in clause (iii)(B)(1) or (iii)(B)(2) of the definition of "Effective Date." In the event of a dispute regarding whether the Executive terminated the Executive's employment for "Good Reason" in accordance with this Agreement, no claim by the Company that such termination does not constitute a Covered Termination shall be given effect unless the Company establishes by clear and convincing evidence that such termination does not constitute a Covered Termination. Any election by the Executive to terminate the Executive's employment for Good Reason shall not be deemed a voluntary termination of employment by the Executive for purposes of any other employee benefit or other plan.

The Executive shall be deemed to have "Good Reason" for termination of employment as described above, only if the Executive shall, within thirty (30) days after first becoming aware of the circumstances giving rise to Good Reason, deliver a Notice of Termination for Good Reason to the Board of Directors of the Company, and the Company thereafter fails to cure the circumstances giving rise to Good Reason within thirty (30) days following its receipt of the Executive's Notice of Termination for Good Reason.

(m) Normal Retirement Date. The term "Normal Retirement Date" means the date the Executive reaches "Normal Retirement Age" as defined in the Badger Meter Pension Plan as in effect on the date hereof, or the corresponding date under any successor plan of the Employer as in effect on the Effective Date.

(n) Notice of Termination. The term "Notice of Termination" means a written notice as contemplated by Section 12.

(o) Person. The term "Person" shall have the meaning given in Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof.

(p) Termination Date. Except as otherwise provided in Section 9(b), Section 12 and Section 16(a), the term "Termination Date" means (i) if the Executive's employment is terminated by the Executive's death, the date of death; (ii) if the Executive's employment is terminated by reason of voluntary early retirement, as agreed in writing by the Company and the Executive, the date of such early retirement that is set forth in such written agreement; (iii) if the Executive's employment is

terminated for purposes of this Agreement by reason of disability pursuant to Section 11, thirty days after the Notice of Termination is given; (iv) if the Executive's employment is terminated by the Executive voluntarily (other than for Good Reason) or by the Company for Cause, the date the Notice of Termination is given; and (v) if the Executive's employment is terminated by the Company (other than for Cause or by reason of disability pursuant to Section 11) or by the Executive for Good Reason, thirty days after the Notice of Termination is given. Notwithstanding the foregoing,

(A) If the Executive shall in good faith give a Notice of Termination for Good Reason and the Company notifies the Executive that a dispute exists concerning the termination within the fifteen-day period following receipt thereof, then the Executive may elect to continue the Executive's employment during such dispute and the Termination Date shall be determined under this paragraph. If the Executive so elects and it is thereafter determined that the Executive terminated the Executive's employment for Good Reason in accordance with this Agreement, then the Termination Date shall be the earlier of (1) the date on which the dispute is finally determined, either (x) by mutual written agreement of the parties or (y) in accordance with Section 21 or (2) the date of the Executive's death. If the Executive so elects and it is thereafter determined that the Executive did not terminate the Executive's employment for Good Reason in accordance with this Agreement, then the employment of the Executive hereunder shall continue after such determination as if the Executive had not delivered the Notice of Termination asserting Good Reason and there shall be no Termination Date arising out of such Notice. In either case, this Agreement continues, until the Termination Date, if any, as if the Executive had not delivered the Notice of Termination except that, if it is finally determined that the Executive terminated the Executive's employment for Good Reason in accordance with this Agreement, then the Executive shall in no case be denied the benefits described in Section 8 (including a Termination Payment) based on events occurring after the Executive delivered the Executive's Notice of Termination.

(B) If an opinion is required to be delivered pursuant to Section 8(a)(ii) and such opinion shall not have been delivered, then the Termination Date shall be the date on which such opinion is delivered.

(C) Except as provided in paragraph (A) above, if the party receiving the Notice of Termination notifies the other party that a dispute exists concerning the termination within the fifteen-day period following receipt thereof and it is finally determined that termination of the Executive's employment for the reason asserted in such Notice of Termination was not in accordance with this Agreement, then (1) if such Notice was delivered by the Executive, then the Executive will be deemed to have voluntarily terminated the Executive's employment other than for Good Reason by means of such Notice and (2) if delivered by the Company, then the Company will be deemed to have terminated the Executive's employment other than by reason of death, disability or Cause by means of such Notice.

KEY EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENT

THIS KEY EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENT (this “Agreement”) is made and entered into as of the 9th day of August, 2019, by and between Badger Meter, Inc., a Wisconsin corporation (hereinafter referred to as the “Company”), and _____ (hereinafter referred to as the “Executive”).

W I T N E S S E T H :

WHEREAS, the Executive is employed by the Company and/or a subsidiary of the Company in a key executive capacity, and the Executive’s services are valuable to the conduct of the business of the Company;

WHEREAS, the Board of Directors of the Company (the “Board”) recognizes that circumstances may arise in which a change in control of the Company occurs, through acquisition or otherwise, thereby causing uncertainty about the Executive’s future employment with the Company and/or any such subsidiary without regard to the Executive’s competence or past contributions, which uncertainty may result in the loss of valuable services of the Executive to the detriment of the Company and its shareholders, and the Company and the Executive wish to provide reasonable security to the Executive against changes in the Executive’s relationship with the Company in the event of any such change in control;

WHEREAS, the Company and the Executive desire that any proposal for a change in control or acquisition of the Company will be considered by the Executive objectively and with reference only to the best interests of the Company and its shareholders;

WHEREAS, the Executive will be in a better position to consider the Company’s best interests if the Executive is afforded reasonable security, as provided in this Agreement, against altered conditions of employment which could result from any such change in control or acquisition; and

WHEREAS, if the Executive and the Company have previously entered into a similar agreement, this Agreement supersedes all prior agreements between the Executive and the Company with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement between the Executive and the Company with respect to its subject matter.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto mutually covenant and agree as follows:

1. Definitions. The following terms are used in this Agreement as defined in Exhibit A:

Act	Covered Termination
	Accrued BenefitsEffective Date
	Affiliate and AssociateEmployer
	Annual Cash CompensationGood Reason
	CauseNormal Retirement
	Change in ControlNotice of Termination
	CodePerson
	Competitive ActivityTermination Date

2. Termination or Cancellation Prior to the Effective Date. The Employer shall retain the right to terminate the employment of the Executive at any time prior to the Effective Date. If the Executive's employment is terminated prior to the Effective Date, then this Agreement shall be terminated and cancelled and of no further force or effect and any and all rights and obligations of the parties hereunder shall cease. In addition, this Agreement shall terminate upon the Executive ceasing to be an officer of the Employer prior to a Change in Control unless the Executive can reasonably demonstrate that such change in status occurred under circumstances described in clause (iii)(B)(1) or (iii)(B)(2) of the definition of "Effective Date" in Exhibit A.

3. Employment Period. If the Executive is employed by the Employer on the Effective Date, then the Company will, or will cause the Employer to, continue thereafter to employ the Executive during the Employment Period (as hereinafter defined), and the Executive will remain in the employ of the Employer, in accordance with and subject to the terms and provisions of this Agreement. For purposes of this Agreement, the term "Employment Period" means a period (i) commencing on the Effective Date, and (ii) ending at 11:59 p.m. Milwaukee Time on the second anniversary of such date.

4. Duties. During the Employment Period, the Executive shall devote the Executive's best efforts and all of the Executive's business time, attention and skill to the business and affairs of the Employer, as such business and affairs now exist and as they may hereafter be conducted.

5. Compensation. During the Employment Period, the Executive shall be compensated as follows:

(a) The Executive shall receive, at reasonable intervals (but not less often than monthly) and in accordance with such standard policies as may be in effect immediately prior to the Effective Date, an annual base salary in cash equivalent of not less than twelve times the Executive's highest monthly base salary for the twelve-month period immediately preceding the month in which the Effective Date occurs or, if higher, annual base salary at the rate in effect immediately prior to the Effective Date (which base salary shall, unless otherwise agreed in writing by the Executive, include the current receipt by the Executive of any amounts which, prior to the Effective Date, the Executive had elected to defer, whether such compensation is deferred under Section 401(k) of the Code or otherwise), subject to upward adjustment as provided in Section 6 (such salary amount as adjusted upward from time to time is hereafter referred to as the "Annual Base Salary").

(b)The Executive shall receive fringe benefits at least equal in value to those provided for the Executive at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to any executives of the Company and its Affiliates of comparable status and position to the Executive. The Executive shall be reimbursed, at such intervals and in accordance with such standard policies that are most favorable to the Executive that were in effect at any time during the 180-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to any executives of the Company and its Affiliates of comparable status and position to the Executive, for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Company and its Affiliates, including travel expenses.

(c)The Executive and/or the Executive's family, as the case may be, shall be included, to the extent eligible thereunder (which eligibility shall not be conditioned on the Executive's salary grade or on any other requirement that excludes executives of the Company and its Affiliates of comparable status and position to the Executive unless such exclusion was in effect for such plan or an equivalent plan on the date 180 days prior to the Effective Date), in any and all welfare benefit plans, practices, policies and programs providing benefits for the Company's salaried employees in general or, if more favorable to the Executive, to any executives of the Company and its Affiliates of comparable status and position to the Executive, including but not limited to group life insurance, hospitalization, medical and dental plans; provided, that, in no event shall the aggregate level of benefits under such plans, practices, policies and programs in which the Executive is included be less than the greater of: (i) the aggregate level of benefits under plans, practices, policies and programs of the type referred to in this Section 5(c) in which the Executive was participating at any time during the 180-day period immediately preceding the Effective Date and (ii) the aggregate level of benefits under plans, practices, policies and programs of the type referred to in this Section 5(c) provided at any time after the Effective Date to any executive of the Company and its Affiliates of comparable status and position to the Executive.

(d)The Executive shall annually be entitled to not less than the amount of paid vacation and not fewer than the number of paid holidays to which the Executive was entitled annually at any time during the 180-day period immediately preceding the Effective Date or such greater amount of paid vacation and number of paid holidays as may be made available annually to any other executive of the Company and its Affiliates of comparable status and position to the Executive at any time after the Effective Date.

(e)The Executive shall be included in all plans providing additional benefits to any executives of the Company and its Affiliates of comparable status and position to the Executive, including but not limited to deferred compensation, split-dollar life insurance, retirement, supplemental retirement, stock option, stock appreciation, stock bonus and similar or comparable plans; provided, that, in no event shall the aggregate level of benefits under such plans be less than the greater of: (i) the aggregate level of benefits under plans of the type referred to in this Section 5(e) in which the Executive was participating at any time during the 180-day period immediately preceding the Effective Date and (ii) the aggregate level of benefits under plans of the type referred to in this Section 5(e) provided at any time after the Effective Date to any executive of the Company and its Affiliates of comparable status and position to the Executive. The Company's obligation to include the Executive in bonus or incentive compensation plans shall be determined by Section 5(f).

(f) To assure that the Executive will have an opportunity to earn incentive compensation after the Effective Date, the Executive shall be included in a bonus plan of the Company that shall satisfy the standards described below (the "Bonus Plan"). Bonuses under the Bonus Plan shall be payable with respect to achieving such financial or other goals reasonably related to the business of the Company, including the Employer, as the Company shall establish (the "Goals"), all of which Goals shall be attainable, prior to the end of the Employment Period, with approximately the same degree of probability as the goals under the Employer's annual incentive plan currently in effect, or the successor to such plan, in the form most favorable to the Executive that was in effect at any time during the 180-day period prior to the Effective Date (the "Existing Plan") and in view of the Company's existing and projected financial and business circumstances applicable at the time. The amount of the bonus (the "Bonus Amount") that the Executive is eligible to earn under the Bonus Plan shall be no less than the amount of the Executive's highest maximum potential award under the Existing Plan at any time during the 180-day period prior to the Effective Date or, if higher, any maximum potential award under the Bonus Plan or any other bonus or incentive compensation plan in effect after the Effective Date for the Executive or for any executive of the Company and its Affiliates of comparable status and position to the Executive (such bonus amount herein referred to as the "Targeted Bonus"), and if the Goals are not achieved (and, therefore, the entire Targeted Bonus is not payable), then the Bonus Plan shall provide for a payment of a Bonus Amount not less than a portion of the Targeted Bonus reasonably related to that portion of the Goals that were achieved. Payment of the Bonus Amount (i) shall be in cash, unless otherwise agreed by the Executive, and (ii) shall not be affected by any circumstance occurring subsequent to the end of the Employment Period, including termination of the Executive's employment.

6. Annual Compensation Adjustments. During the Employment Period, the Board of Directors of the Company (or an appropriate committee thereof) will consider and appraise, at least annually, the contributions of the Executive to the Employer, and in accordance with the Company's practice prior to the Effective Date, due consideration shall be given, at least annually, to the upward adjustment of the Executive's Annual Base Salary (i) commensurate with increases generally given to other executives of the Company and its Affiliates of comparable status and position to the Executive, and (ii) as the scope of the Company's operations or the Executive's duties expand.

7. Termination During Employment Period.

(a) Right to Terminate. During the Employment Period, (i) the Company shall be entitled to terminate the Executive's employment (A) for Cause, (B) by reason of the Executive's disability pursuant to Section 11, or (C) for any other reason, and (ii) the Executive shall be entitled to terminate the Executive's employment for any reason. Any such termination shall be subject to the procedures set forth in Section 12 and shall be subject to any consequences of such termination set forth in this Agreement. Any termination of the Executive's employment during the Employment Period by the Employer shall be deemed a termination by the Company for purposes of this Agreement.

(b) Termination for Cause or Without Good Reason. If there is a Covered Termination for Cause under the circumstances described in clause (i)(B) of the definition of Cause, or due to the Executive's voluntarily terminating the Executive's employment other than for Good Reason, then the Executive shall be entitled to receive only Accrued Benefits. If there is a Covered Termination for Cause under the circumstances described in any of clauses (i)(A), (i)(C), (i)(D) or (i)(E) of the definition of Cause, then the Executive shall not be entitled to receive Accrued Benefits or any other payment or benefit under this Agreement, and shall only be entitled to receive payments or benefits to which the Executive is entitled under applicable law.

(c) Termination Giving Rise to a Termination Payment. If there is a Covered Termination by the Executive for Good Reason, or by the Company other than by reason of (i) death, (ii) disability pursuant to Section 11, or (iii) Cause, then the Executive shall be entitled to receive, and the Company shall pay, Accrued Benefits and, in lieu of further base salary for periods following the Termination Date, as liquidated damages and additional severance pay and in consideration of the covenant of the Executive set forth in Section 13(a), the Termination Payment pursuant to Section 8(a).

8. Payments Upon Termination.

(a) Termination Payment.

(i) Subject to the limits set forth in Section 8(a)(ii), for purposes of this Agreement, the “Termination Payment” shall be an amount equal to the Annual Cash Compensation multiplied by the number of years or fractional portion thereof remaining in the Employment Period determined as of the Termination Date, except that the Termination Payment shall not be less than the amount of Annual Cash Compensation. The Termination Payment shall be paid to the Executive in cash not later than ten business days after the Termination Date. The Executive shall not be required to mitigate the amount of the Termination Payment by securing other employment or otherwise, nor will such Termination Payment be reduced by reason of the Executive securing other employment or for any other reason.

(ii) Notwithstanding any other provision of this Agreement, if any portion of the Termination Payment or any other payment under this Agreement, or under any other agreement with or plan of the Company or the Employer (in the aggregate “Total Payments”), would constitute an “excess parachute payment,” then the Total Payments to be made to the Executive shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be One Dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code (or any successor provision) or which the Company may pay without loss of deduction under Section 280G(a) of the Code (or any successor provision). For purposes of this Agreement, the terms “excess parachute payment” and “parachute payments” shall have the meanings assigned to them in Section 280G of the Code (or any successor provision), and such “parachute payments” shall be valued as provided therein. Present value for purposes of this Agreement shall be calculated in accordance with Section 1274(b)(2) of the Code (or any successor provision). Within sixty days following delivery of the Notice of Termination or notice by the Company to the Executive of its belief that there is a payment or benefit due the Executive which will result in an excess parachute payment as defined in Section 280G of the Code (or any successor provision), the Executive and the Company, at the Company’s expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel selected by the Company’s independent auditors and acceptable to the Executive in the Executive’s sole discretion, which sets forth (A) the amount of the Base Period Income, (B) the amount and present value of Total Payments and (C) the amount and present value of any excess parachute payments without regard to the limitations of this Section 8(a)(ii). As used in this Section 8(a)(ii), the term “Base Period Income” means an amount equal to the Executive’s “annualized includable compensation for the base period” as defined in Section 280G(d)(1) of the Code (or any successor provision). For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company’s independent auditors in accordance with the principles of Sections 280G(d)(3) and

(4) of the Code (or any successor provisions), which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Executive. Such opinion shall be dated as of the Termination Date and addressed to the Company and the Executive and shall be binding upon the Company and the Executive. If such opinion determines that there would be an excess parachute payment, then the Termination Payment hereunder or any other payment determined by such counsel to be includable in Total Payments shall be reduced or eliminated as specified by the Executive in writing delivered to the Company within thirty days of the Executive's receipt of such opinion or, if the Executive fails to so notify the Company, then as the Company shall reasonably determine, so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such counsel so requests in connection with the opinion required by this Section, the Executive and the Company shall obtain, at the Company's expense, and the counsel may rely on in providing the opinion, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Executive. Notwithstanding the foregoing, the provisions of this Section 8(a)(ii), including the calculations, notices and opinions provided for herein, shall be based upon the conclusive presumption that the following are reasonable: (1) the compensation and benefits provided for in Section 5 and (2) any other compensation, including but not limited to the Accrued Benefits, earned prior to the Termination Date by the Executive pursuant to the Company's compensation programs if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change in Control or the Termination Date. If the provisions of Sections 280G and 4999 of the Code (or any successor provisions) are repealed without succession, then this Section 8(a)(ii) shall be of no further force or effect.

(b)**Additional Benefits.** If there is a Covered Termination and the Executive is entitled to Accrued Benefits and the Termination Payment, then the Executive shall be entitled to the following additional benefits:

(i)The Executive will be entitled to pension benefits in addition to the most favorable benefits provided for the Executive under any version of the Badger Meter Pension Plan and the Badger Meter, Inc. Executive Supplemental Plan (or any successors to such plans) in effect at any time during the 180-day period prior to the Effective Date (the "Retirement Plans"). The amount of additional pension benefits will be equal to the difference between the amount the Executive (or in the event of the Executive's death, the Executive's surviving spouse or other beneficiary) would be actually entitled to receive upon "retirement" under the terms and conditions of the Retirement Plans and the amount the Executive (or such surviving spouse or beneficiary) would have been entitled to receive under such terms and conditions if the Executive's benefits under the Retirement Plans had been fully vested on the Termination Date and the Executive had continued to work for the remainder of the Employment Period at a salary rate equal to the Executive's Annual Base Salary; provided, however, that in no event will the assumed period of continued employment extend beyond the date on which the Executive elects to begin receiving the additional pension benefits. The Executive shall receive the Executive's additional pension benefits in cash not later than ten (10) business days after the Termination Date. The amount of such payment shall be calculated in the same manner as a lump sum payment of accrued benefits is calculated under the Badger Meter Pension Plan.

(ii)Until the earlier of the end of the Employment Period or such time as the Executive has obtained new employment and is covered by benefits which in the aggregate

are at least equal in value to the following benefits, the Executive shall continue to be covered, at the expense of the Company, by the most favorable life insurance, hospitalization, medical and dental coverage and other welfare benefits provided to the Executive and the Executive's family during the 180-day period immediately preceding the Effective Date or at any time thereafter or, if more favorable to the Executive, coverage as was required hereunder with respect to the Executive immediately prior to the date Notice of Termination is given; provided, however, that if the Executive is otherwise entitled to receive hospitalization and/or medical coverage under a plan or plans for early retirees sponsored by the Company or a subsidiary thereof, then the Executive shall not be eligible for such hospitalization or medical coverage under this Section 8(b)(ii). If the Executive is eligible for Medicare, the Executive shall be obligated to apply for coverage thereunder at the earliest opportunity and the Company will reimburse the Executive for the Part B premium cost. Notwithstanding anything to the contrary in the foregoing, if health care coverage is provided pursuant to the first sentence of this Section 8(b)(ii) following the end of the COBRA continuation period under a health plan that is subject to Code Section 105(h), then benefits payable under such health plan shall comply with the requirements of Treasury regulation section 1.409A-3(i)(1)(iv)(A) and, if necessary, the Company shall amend such health plan to comply therewith.

(iii) Until the earlier of the end of the Employment Period or such time as the Executive has obtained new employment, the Executive shall be entitled to receive, at the expense of the Company, outplacement services, on an individualized basis at a level of service commensurate with the Executive's most senior status with the Company during the 180-day period prior to the Effective Date (or, if higher, at any time after the Effective Date), provided by a nationally recognized executive placement firm selected by the Company with the consent of the Executive, which consent will not be unreasonably withheld; provided that the cost to the Company of such services shall not exceed 15% of the Executive's Annual Base Salary.

(iv) The Company shall bear up to \$5,000 in the aggregate of fees and expenses of consultants and/or legal or accounting advisors engaged by the Executive to advise the Executive as to matters relating to the computation of benefits due and payable under this Section 8.

9. Death. (a) In the event of a Covered Termination due to the Executive's death, the Executive's estate, heirs and beneficiaries shall receive a payment of all the Executive's Accrued Benefits through the Termination Date in cash payable not later than ten (10) business days after the Termination Date.

(b) If the Executive dies after a Notice of Termination is given (i) by the Company or (ii) by the Executive for Good Reason, then the Executive's estate, heirs and beneficiaries shall be entitled to the benefits described in Section 9(a) and, subject to the provisions of this Agreement, to such Termination Payment to which the Executive would have been entitled had the Executive lived. In such event, the Termination Date shall be thirty days following the giving of the Notice of Termination, subject to extension pursuant to the definition of "Termination Date" in Exhibit A.

10. Retirement. If, during the Employment Period, the Executive and the Employer shall execute an agreement providing for the early retirement of the Executive from the Employer, or the Executive shall otherwise give notice that the Executive is voluntarily choosing to retire early from the Employer, then the Executive shall receive Accrued Benefits through the Termination Date; provided, that if the Executive's employment is terminated by the Executive for

Good Reason or by the Company other than by reason of death, disability or Cause and the Executive also, in connection with such termination, elects voluntary early retirement, then the Executive shall also be entitled to receive a Termination Payment pursuant to Section 8(a).

11. Termination for Disability. If, during the Employment Period, as a result of the Executive's disability due to physical or mental illness or injury (regardless of whether such illness or injury is job-related), the Executive shall have been absent from the Executive's duties hereunder on a full-time basis for a period of 182 days and, within thirty days after the Company notifies the Executive in writing that it intends to terminate the Executive's employment (which notice shall not constitute the Notice of Termination contemplated below), the Executive shall not have returned to the performance of the Executive's duties hereunder on a full-time basis, then the Company may terminate the Executive's employment for purposes of this Agreement pursuant to a Notice of Termination. If the Executive's employment is terminated on account of the Executive's disability in accordance with this Section, then the Executive shall receive Accrued Benefits in accordance with Section 8(a) and shall remain eligible for all benefits provided by any disability programs of the Employer in effect with respect to the Executive at the time the Company sends notice to the Executive of its intent to terminate pursuant to this Section.

Termination Notice and Procedure. (a) Any termination of the Executive's employment during the Employment Period by the Company or the Executive (other than a termination of the Executive's employment referenced in the second sentence of the definition of "Effective Date" in Exhibit A) shall be communicated by written Notice of Termination to the Executive, if such Notice is given by the Company, and to the Company, if such Notice is given by the Executive, all in accordance with the following procedures and those set forth in Section 22:

(i) If such termination is for disability, Cause or Good Reason, the Notice of Termination shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such termination.

(ii) Any Notice of Termination by the Company shall have been approved, prior to the giving thereof to the Executive, by a resolution duly adopted by a majority of the directors of the Company (or any successor corporation) then in office, a copy of which shall accompany the Notice.

(iii) If the Notice is given by the Executive for Good Reason, then the Executive may cease performing the Executive's duties hereunder on or after the date 15 days after the delivery of Notice of Termination (unless the Notice of Termination is based upon clause (vii) of the definition of "Good Reason" in Exhibit A, in which case the Executive may cease performing his duties at the time the Executive's employment is terminated) and shall in any event cease employment on the Termination Date, if any, arising from the delivery of such Notice. If the Notice is given by the Company, then the Executive may cease performing the Executive's duties hereunder on the date of receipt of the Notice of Termination, subject to the Executive's rights hereunder.

(iv) The recipient of any Notice of Termination shall deliver in accordance with Section 22 written notice of any dispute relating to such Notice of Termination to the party giving such Notice within fifteen days after receipt thereof. After the expiration of such fifteen days, in the absence of such notice of dispute, the contents of the Notice of Termination shall become final and not subject to dispute.

Notwithstanding the foregoing, (A) if the Executive terminates the Executive's employment after a Change in Control without complying with this Section 12, then the Executive will be deemed to have voluntarily terminated the Executive's employment other than for Good Reason and deemed to have delivered a written Notice of Termination to that effect to the Company as of the date of such termination and (B) if the Company terminates the Executive's employment after a Change in Control without complying with this Section 12, then the Company will be deemed to have terminated the Executive's employment other than by reason of death, disability or Cause and the Company will be deemed to have delivered a written Notice of Termination to that effect to the Executive as of the date of such termination.

(b) If a Change in Control occurs and the Executive's employment with the Employer terminates (whether by the Company, the Executive or otherwise) within 180 days prior to the Change in Control, then the Executive may assert that such termination is a Covered Termination by sending a written Notice of Termination to the Company at any time prior to the first anniversary of the Change in Control in accordance with the procedures set forth in this Section 12(b) and those set forth in Section 22. If the Executive asserts that the Executive terminated the Executive's employment for Good Reason or that the Company terminated the Executive's employment other than for disability or Cause, then the Notice of Termination shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such assertions. The Company shall, in accordance with Section 22, give written notice of any dispute relating to such Notice of Termination to the Executive within fifteen days after receipt thereof. After the expiration of such fifteen days, in the absence of such notice of dispute, the contents of the Notice of Termination shall become final and not subject to dispute.

13. Further Obligations of the Executive.

(a) Competition. The Executive agrees that, in the event of any Covered Termination where the Executive is entitled to (and receives) Accrued Benefits and the Termination Payment, the Executive shall not, for a period of six months after the Termination Date, without the prior written approval of the Company's Board of Directors, engage in any Competitive Activity.

(b) Confidentiality. During and following the Executive's employment by the Employer, the Executive shall hold in confidence and not directly or indirectly disclose or use or copy or make lists of any confidential information or proprietary data of the Company (including that of the Employer), except to the extent authorized in writing by the Board of Directors of the Company or required by any court or administrative agency, other than to an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of duties as an executive of the Company or the Employer. Confidential information shall not include any information known generally to the public or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that of the Company. All records, files, documents and materials, or copies thereof, relating to the business of the Company which the Executive shall prepare, or use, or come into contact with, shall be and remain the sole property of the Company and shall be promptly returned to the Company upon termination of employment with the Employer.

14. Expenses and Interest. If, after the Effective Date, (i) a dispute arises with respect to the enforcement of the Executive's rights under this Agreement, (ii) any legal or arbitration proceeding shall be brought to enforce or interpret any provision contained herein or to recover damages for breach hereof, or (iii) any tax audit or proceeding is commenced that is attributable in part

to the application of Section 4999 of the Code, in any case so long as the Executive is not acting in bad faith, then the Company shall reimburse the Executive for any reasonable attorneys' fees and necessary costs and disbursements incurred as a result of such dispute, legal or arbitration proceeding or tax audit or proceeding ("Expenses"), and prejudgment interest on any money judgment or arbitration award obtained by the Executive calculated at the rate of interest announced by Firststar Bank, Milwaukee, Wisconsin, from time to time as its prime or base lending rate from the date that payments to the Executive should have been made under this Agreement. Within ten days after the Executive's written request therefor, the Company shall pay to the Executive, or such other person or entity as the Executive may designate in writing to the Company, the Executive's reasonable Expenses in advance of the final disposition or conclusion of any such dispute, legal or arbitration proceeding.

15. Payment Obligations Absolute. The Company's obligation during and after the Employment Period to pay the Executive the amounts and to make the benefit and other arrangements provided herein shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against the Executive or anyone else. Except as provided in Section 14, all amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company shall be final, and the Company will not seek to recover all or any part of such payment from the Executive, or from whomsoever may be entitled thereto, for any reason whatsoever.

16. Successors. (a) If the Company sells, assigns or transfers all or substantially all of its business and assets to any Person or if the Company merges into or consolidates or otherwise combines (where the Company does not survive such combination) with any Person (any such event, a "Sale of Business"), then the Company shall assign all of its right, title and interest in this Agreement as of the date of such event to such Person, and the Company shall cause such Person, by written agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform from and after the date of such assignment all of the terms, conditions and provisions imposed by this Agreement upon the Company. Failure of the Company to obtain such agreement prior to the effective date of such Sale of Business shall be a breach of this Agreement constituting "Good Reason" hereunder, except that for purposes of implementing the foregoing, the date upon which such Sale of Business becomes effective shall be deemed the Termination Date. In case of such assignment by the Company and of assumption and agreement by such Person, as used in this Agreement, "Company" shall thereafter mean such Person which executes and delivers the agreement provided for in this Section 16 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law, and this Agreement shall inure to the benefit of, and be enforceable by, such Person. The Executive shall, in the Executive's discretion, be entitled to proceed against any or all of such Persons, any Person which theretofore was such a successor to the Company (as defined in the first paragraph of this Agreement) and the Company (as so defined) in any action to enforce any rights of the Executive hereunder. Except as provided in this Subsection, this Agreement shall not be assignable by the Company. This Agreement shall not be terminated by the voluntary or involuntary dissolution of the Company.

(b) This Agreement and all rights of the Executive shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, heirs and beneficiaries. In the event of the Executive's death after a Covered Termination, all amounts payable to the Executive under Sections 7, 8, 9, 10, 11 and 14 if the Executive had lived shall be paid to the Executive's heirs and representatives; provided, however, that the foregoing shall not be

construed to modify any terms of any benefit plan of the Employer, as such terms are in effect on the Effective Date, that expressly govern benefits under such plan in the event of the Executive's death.

17. Severability. The provisions of this Agreement shall be regarded as divisible, and if any of said provisions or any part hereof are declared invalid or unenforceable by a court of competent jurisdiction, then the validity and enforceability of the remainder of such provisions or parts hereof and the applicability thereof shall not be affected thereby.

18. Amendment. This Agreement may not be amended or modified at any time except by written instrument executed by the Company and the Executive.

19. Withholding. The Employer shall be entitled to withhold from amounts to be paid to the Executive hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold; provided, that the amount so withheld shall not exceed the minimum amount required to be withheld by law. The Employer shall be entitled to rely on an opinion of nationally recognized tax counsel if any question as to the amount or requirement of any such withholding shall arise.

20. Certain Rules of Construction. No party shall be considered as being responsible for the drafting of this Agreement for the purpose of applying any rule construing ambiguities against the drafter or otherwise. No draft of this Agreement shall be taken into account in construing this Agreement. Any provision of this Agreement which requires an agreement in writing shall be deemed to require that the writing in question be signed by the Executive and an authorized representative of the Company.

21. Governing Law; Resolution of Disputes. (a) This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the internal laws of the State of Wisconsin (excluding any choice of law rules that may direct the application of the laws of another jurisdiction) except that Section 21(b) shall be construed in accordance with the Federal Arbitration Act if arbitration is chosen by the Executive as the method of dispute resolution.

(b) Any dispute arising out of this Agreement shall, at the Executive's election, be determined by arbitration under the rules of the American Arbitration Association then in effect (but subject to any evidentiary standards set forth in this Agreement), in which case both parties shall be bound by the arbitration award, or by litigation. Whether the dispute is to be settled by arbitration or litigation, the venue for the arbitration or litigation shall be Milwaukee, Wisconsin or, at the Executive's election, if the Executive is no longer residing or working in the Milwaukee, Wisconsin metropolitan area, in the judicial district encompassing the city in which the Executive resides; provided, that, if the Executive is not then residing in the United States, the election of the Executive with respect to such venue shall be either Milwaukee, Wisconsin or in the judicial district encompassing that city in the United States among the thirty cities having the largest population (as determined by the most recent United States Census data available at the Termination Date) that is closest to the Executive's residence. The parties consent to personal jurisdiction in each trial court in the selected venue having subject matter jurisdiction notwithstanding their residence or situs, and each party irrevocably consents to service of process in the manner provided hereunder for the giving of notices.

22. Notice. Notices given pursuant to this Agreement shall be in writing and shall be deemed given when actually received by the Executive or actually received by the Company's

Secretary or any officer of the Company other than the Executive. For purposes of the notice of dispute provided for under Sections 12(a)(iv) and 12(b), notice is deemed given on the earlier of the date when actually delivered to the recipient or when mailed. If mailed, such notices shall be mailed by United States registered or certified mail, return receipt requested, addressee only, postage prepaid, if to the Company, to Badger Meter, Inc., Attention: Secretary (or, if the Executive is then Secretary, to the Chief Executive Officer), 4545 West Brown Deer Road, Milwaukee, Wisconsin 53223, or if to the Executive, at the address set forth below the Executive's signature to this Agreement, or to such other address as the party to be notified shall have theretofore given to the other party in writing.

23. Additional Payment. (a) If, notwithstanding the provisions of Section 8(a)(ii), but subject to subsection (b), it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of Total Payments is subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any successor provision), then the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive after deduction of any Excise Tax and any interest charges or penalties in respect of the imposition of such Excise Tax (but not any federal, state or local income tax) on the Total Payments, and any federal, state and local income tax and Excise Tax upon the payment provided for by this Section 23 shall be equal to the Total Payments. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of the Executive's domicile for income tax purposes on the date the Gross-Up Payment is made, net of the maximum reduction in federal income taxes that could be obtained from deduction of such state and local taxes.

(b) If legislation is enacted that would require the Company's shareholders to approve this Agreement, prior to a Change in Control, due solely to the provision contained in subsection (a) of this Section 23, then

(i) from and after such time as shareholder approval would be required, until shareholder approval is obtained as required by such legislation, subsection (a) shall be of no force and effect;

(ii) if the Company seeks shareholder approval of any other agreement providing similar benefits to any other executive of the Company, then the Company shall seek shareholder approval of this Agreement at the same shareholders' meeting or meetings at which the shareholders consider any such other agreement; and

(iii) the Company and the Executive shall use their best efforts to consider and agree in writing upon an amendment to this Section 23 such that, as amended, this Subsection would provide the Executive with the benefits intended to be afforded to the Executive by subsection (a) without requiring shareholder approval.

24. No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

25. Headings. The headings herein contained are for reference only and shall not affect the meaning or interpretation of any provision of this Agreement.

26. Code Section 409A. (a) This Agreement is intended to comply with Code Section 409A, to the extent applicable, and shall be construed and interpreted consistent with that intent.

(b) If and to the extent that any payment or benefit under this Agreement is determined to constitute “non-qualified deferred compensation” subject to Code Section 409A and is payable to the Executive by reason of the Executive’s termination of employment, then (a) such payment or benefit shall be made or provided to the Executive only upon a “separation from service” as defined for purposes of Code Section 409A under applicable regulations (a “Separation from Service”) and (b) if the Executive is a “specified employee” (within the meaning of Code Section 409A and as determined by the Company), such payment or benefit shall not be made or provided before the date that is six (6) months after the date of the Executive’s Separation from Service (or the Executive’s earlier death) to the extent required for compliance with Code Section 409A. In addition, if the Executive is a Specified Employee and receives continuing life insurance coverage under a group term life insurance policy following termination of employment, then, during the first six (6) months following the Separation from Service, to the extent such life insurance coverage provides a benefit in excess of \$50,000 and the Company cannot pay for such coverage in compliance with Code Section 409A, the Executive shall pay the Company for such coverage and, after the end of such six (6)-month period, the Company shall make a cash payment to the Executive equal to the aggregate premiums paid by the Executive for such coverage.

(c) To the extent any indemnification payment, expense reimbursement, or the provision of any in-kind benefit under this Agreement is determined to be subject to (and not exempt from) Code Section 409A, the amount of any such indemnification payment or expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the indemnification payment or provision of in-kind benefits or expenses eligible for reimbursement in any other calendar year (except for any life-time or other aggregate limitation applicable to medical expenses), and in no event shall any indemnification payment or expenses be reimbursed after the last day of the calendar year following the calendar year in which the Executive incurred such indemnification payment or expenses, and in no event shall any right to indemnification payment or reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit, in each case to the extent required for compliance with Code Section 409A.

[Signatures are on the next page.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

BADGER METER, INC.

By: _____

Name: Kenneth C. Bockhorst

Title: President and Chief Executive Officer

Attest: _____

Name: William R. Bergum

Title: V.P. – General Counsel & Secretary

EXECUTIVE

Name: _____

Address: _____

Exhibit A

CERTAIN DEFINED TERMS

For purposes of this Agreement,

(a)Act. The term “Act” means the Securities Exchange Act of 1934, as amended.

(b)Accrued Benefits. The term “Accrued Benefits” shall include the following amounts, payable as described herein: (i) all base salary for the time period ending with the Termination Date; (ii) reimbursement for any and all monies advanced in connection with the Executive’s employment for reasonable and necessary expenses incurred by the Executive on behalf of the Company and its Affiliates for the time period ending with the Termination Date; (iii) any and all other cash earned through the Termination Date and deferred at the election of the Executive or pursuant to any deferred compensation plan then in effect; (iv) notwithstanding any provision of any bonus or incentive compensation plan applicable to the Executive, a lump sum amount, in cash, equal to the sum of (A) any bonus or incentive compensation that has been allocated or awarded to the Executive for a fiscal year or other measuring period under the plan that ends prior to the Termination Date but has not yet been paid (pursuant to Section 5(f) or otherwise) and (B) a pro rata portion to the Termination Date of the aggregate value of all contingent bonus or incentive compensation awards to the Executive for all uncompleted periods under the plan calculated as to each such award as if the Goals with respect to such bonus or incentive compensation award had been attained; and (v) all other payments and benefits to which the Executive (or in the event of the Executive’s death, the Executive’s surviving spouse or other beneficiary) may be entitled as compensatory fringe benefits or under the terms of any benefit plan of the Employer, including severance payments under the Employer’s severance policies and practices in the form most favorable to the Executive that were in effect at any time during the 180-day period prior to the Effective Date. Payment of Accrued Benefits shall be made in accordance with the Employer’s prevailing practice with respect to clauses (i) and (ii) or, with respect to clauses (iii), (iv) and (v), pursuant to the terms of the benefit plan or practice establishing such benefits, but in any event not later than ten business days after the Termination Date.

(c)Affiliate and Associate. The terms “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations of the Act.

(d)Annual Cash Compensation. The term “Annual Cash Compensation” shall mean the sum of (A) the Executive’s Annual Base Salary, plus (B) the highest of (1) the highest annual bonus or incentive compensation award earned by the Executive under any cash bonus or incentive compensation plan of the Company or any of its Affiliates during the three complete fiscal years of the Company immediately preceding the Termination Date or, if more favorable to the Executive, during the three complete fiscal years of the Company immediately preceding the Effective Date; (2) the Executive’s bonus or incentive compensation Targeted Bonus for the fiscal year in which the Termination Date occurs; or (3) the highest average annual bonus and/or incentive compensation earned during the three complete fiscal years of the Company immediately preceding the Termination Date (or, if more favorable to the Executive, during the three complete fiscal years of the Company immediately preceding the Effective Date) under any cash bonus or incentive compensation plan of the Company or any of its Affiliates by the group of executives of the Company and its Affiliates participating under such plan during such fiscal years at a status or position comparable to that at which

the Executive participated or would have participated pursuant to the Executive's most senior position at any time during the 180 days preceding the Effective Date or thereafter until the Termination Date.

(e)Cause. The Company may terminate the Executive's employment after the Effective Date for "Cause" only if the conditions set forth in paragraphs (i) and (ii) have been met and the Company otherwise complies with this Agreement:

(i)(A) the Executive has committed any act of fraud, embezzlement or theft in connection with the Executive's duties as an Executive or in the course of employment with the Company and/or its subsidiaries; (B) the Executive has willfully and continually failed to perform substantially the Executive's duties with the Company or any of its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or injury, regardless of whether such illness or injury is job-related) for an appropriate period, which shall not be less than 30 days, after the Chief Executive Officer of the Company (or, if the Executive is then Chief Executive Officer, the Board) has delivered a written demand for performance to the Executive that specifically identifies the manner in which the Chief Executive Officer (or the Board, as the case may be) believes the Executive has not substantially performed the Executive's duties; (C) the Executive has willfully engaged in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company; (D) the Executive has willfully and wrongfully disclosed any trade secret or other confidential information of the Company or any of its Affiliates; or (E) the Executive has engaged in any Competitive Activity; and in any such case the act or omission shall have been determined by the Board to have been materially harmful to the Company and its subsidiaries taken as a whole.

For purposes of this provision, (1) no act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company and (2) any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(ii)(A) The Company terminates the Executive's employment by delivering a Notice of Termination to the Executive, (B) prior to the time the Company has terminated the Executive's employment pursuant to a Notice of Termination, the Board, by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board, has adopted a resolution finding that the Executive was guilty of conduct set forth in this definition of Cause, and specifying the particulars thereof in detail, at a meeting of the Board called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) and (C) the Company delivers a copy of such resolution to the Executive with the Notice of Termination at the time the Executive's employment is terminated.

In the event of a dispute regarding whether the Executive's employment has been terminated for Cause, no claim by the Company that the Company has terminated the Executive's employment for Cause in accordance with this Agreement shall be given effect unless the Company establishes by clear and convincing evidence that the Company has complied with the requirements of this Agreement to terminate the Executive's employment for Cause.

(f)Change in Control. A “Change in Control” shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) any Person (other than Excluded Persons, as defined below) is or becomes the “Beneficial Owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after July 31, 1999 pursuant to express authorization by the Board that refers to this exception and not including securities of the Company subject to proxies held by such Person, but including securities of the Company subject to exercisable options held by such Person) representing 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities. “Excluded Persons” shall mean (A) the Company; (B) any subsidiary of the Company; (C) any employee benefit plan of the Company or any subsidiary of the Company (collectively, “Employee Benefit Plans”); (D) any entity holding securities for or pursuant to the terms of any Employee Benefit Plans; (E) any trustee, administrator or fiduciary of any Employee Benefit Plans in their capacities as such; (F) an underwriter temporarily holding securities pursuant to an offering of such securities; (G) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company; and (H) any Person who has reported or is required to report their ownership on Schedule 13G under the Act (or any comparable or successor report) or on Schedule 13D under the Act (or any comparable or successor report), which Schedule 13D does not disclose pursuant to Item 4 thereto (or any comparable successor item or section) an intent, or reserve the right, to engage in a control transaction, any contested solicitation for the election of directors or any of the other actions specified in Item 4 thereto (or any comparable successor item or section), who inadvertently becomes the Beneficial Owner of 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities and, within ten business days of being requested by the Company to advise it regarding the same, certifies to the Company that such Person acquired 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities inadvertently and who or which, together with all Affiliates and Associates, thereafter does not acquire additional shares of common stock or voting securities of the Company while the Beneficial Owner of 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities; provided, however, that if the Person requested to so certify fails to do so within ten business days or breaches or violates such certification, then such Person shall cease to be an Excluded Person immediately after such ten business day period or such breach or violation; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on July 31, 1999, constituted the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A under the Act) whose appointment or election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on July 31, 1999 or whose appointment, election or nomination for election was previously so approved; or

(iii)the shareholders of the Company approve a merger, consolidation or share exchange of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger, consolidation or share exchange of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (A) a merger, consolidation or share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or share exchange continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than an Excluded Person) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after July 31, 1999 pursuant to express authorization by the Board that refers to this exception) representing 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(iv)the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, no "Change in Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity that owns all or substantially all of the assets or voting securities of the Company immediately following such transaction or series of transactions.

(g)Code. The term "Code" means the Internal Revenue Code of 1986, including any amendments thereto or successor tax codes thereof.

(h)Competitive Activity. The Executive shall engage in a "Competitive Activity" if the Executive participates in the management of, is employed by or owns any interest in any business enterprise at a location within the United States that engages in substantial competition with the Company or its subsidiaries, where such enterprise's revenues from any competitive activities amount to 10% or more of such enterprise's consolidated net revenues and sales for its most recently completed fiscal year; provided, however, that owning stock or other securities of a competitor amounting to less than five percent of the outstanding capital stock of such competitor shall not be a "Competitive Activity".

(i)Covered Termination. The term "Covered Termination" means any termination of the Executive's employment during the Employment Period where the Termination

Date or the date Notice of Termination is delivered is any date on or prior to the end of the Employment Period.

(j)Effective Date. The term “Effective Date” shall mean the first date on which a Change in Control occurs. Anything in this Agreement to the contrary notwithstanding, if (i) a Change in Control occurs, (ii) the Executive’s employment with the Employer terminates (whether by the Company, the Executive or otherwise) within 180 days prior to the Change in Control and (iii) it is reasonably demonstrated by the Executive that (A) any such termination of employment by the Employer (1) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (2) otherwise arose in connection with or in anticipation of a Change in Control, or (B) any such termination of employment by the Executive took place subsequent to the occurrence of an event described in clause (ii), (iii), (iv) or (v) of the definition of “Good Reason” which event (1) occurred at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (2) otherwise arose in connection with or in anticipation of a Change in Control, then for all purposes of this Agreement the term “Effective Date” shall mean the day immediately prior to the date of such termination of employment.

(k)Employer. The term “Employer” means the Company and/or any subsidiary of the Company that employed the Executive immediately prior to the Effective Date.

(l)Good Reason. The Executive shall have a “Good Reason” for termination of employment on or after the Effective Date if the Executive determines in good faith that any of the following events has occurred:

(i) any breach of this Agreement by the Company, including specifically any breach by the Company of its agreements contained in Section 5, Section 6, Section 8(a) or Section 16(a), other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that the Company remedies promptly after receipt of notice thereof given by the Executive;

(ii) any reduction in the Executive’s base salary, percentage of base salary available as incentive compensation or bonus opportunity or benefits, in each case relative to those most favorable to the Executive in effect at any time during the 180-day period prior to the Effective Date or, to the extent more favorable to the Executive, those in effect after the Effective Date;

(iii) a material adverse change, without the Executive’s prior written consent, in the Executive’s working conditions or status with the Company or the Employer from such working conditions or status in effect during the 180-day period prior to the Effective Date or, to the extent more favorable to the Executive, those in effect after the Effective Date, including but not limited to (A) a material change in the nature or scope of the Executive’s titles, authority, powers, functions, duties, reporting requirements or responsibilities, or (B) a material reduction in the level of support services, staff, secretarial and other assistance, office space and accoutrements, but excluding for this purpose an isolated, insubstantial and inadvertent event not occurring in bad faith that the Company remedies promptly after receipt of notice thereof given by the Executive;

(iv) the relocation of the Executive's principal place of employment to a location more than 35 miles from the Executive's principal place of employment on the date 180 days prior to the Effective Date;

(v) the Employer requires the Executive to travel on Employer business to a materially greater extent than was required during the 180 day period prior to the Effective Date;

(vi) failure by the Company to obtain the agreement referred to in Section 16(a) as provided therein; or

(vii) the Company or the Employer terminates the Executive's employment after a Change in Control without delivering a Notice of Termination in accordance with Section 12;

provided that (A) any such event occurs following the Effective Date or (B) in the case of any event described in clauses (ii), (iii), (iv) or (v) above, such event occurs on or prior to the Effective Date under circumstances described in clause (iii)(B)(1) or (iii)(B)(2) of the definition of "Effective Date." In the event of a dispute regarding whether the Executive terminated the Executive's employment for "Good Reason" in accordance with this Agreement, no claim by the Company that such termination does not constitute a Covered Termination shall be given effect unless the Company establishes by clear and convincing evidence that such termination does not constitute a Covered Termination. Any election by the Executive to terminate the Executive's employment for Good Reason shall not be deemed a voluntary termination of employment by the Executive for purposes of any other employee benefit or other plan.

The Executive shall be deemed to have "Good Reason" for termination of employment as described above, only if the Executive shall, within thirty (30) days after first becoming aware of the circumstances giving rise to Good Reason, deliver a Notice of Termination for Good Reason to the Board of Directors of the Company, and the Company thereafter fails to cure the circumstances giving rise to Good Reason within thirty (30) days following its receipt of the Executive's Notice of Termination for Good Reason.

(m) Normal Retirement Date. The term "Normal Retirement Date" means the date the Executive reaches "Normal Retirement Age" as defined in the Badger Meter Pension Plan as in effect on the date hereof, or the corresponding date under any successor plan of the Employer as in effect on the Effective Date.

(n) Notice of Termination. The term "Notice of Termination" means a written notice as contemplated by Section 12.

(o) Person. The term "Person" shall have the meaning given in Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof.

(p) Termination Date. Except as otherwise provided in Section 9(b), Section 12 and Section 16(a), the term "Termination Date" means (i) if the Executive's employment is terminated by the Executive's death, the date of death; (ii) if the Executive's employment is terminated by reason of voluntary early retirement, as agreed in writing by the Company and the Executive, the date of such early retirement that is set forth in such written agreement; (iii) if the Executive's employment is

terminated for purposes of this Agreement by reason of disability pursuant to Section 11, thirty days after the Notice of Termination is given; (iv) if the Executive's employment is terminated by the Executive voluntarily (other than for Good Reason) or by the Company for Cause, the date the Notice of Termination is given; and (v) if the Executive's employment is terminated by the Company (other than for Cause or by reason of disability pursuant to Section 11) or by the Executive for Good Reason, thirty days after the Notice of Termination is given. Notwithstanding the foregoing,

(A) If the Executive shall in good faith give a Notice of Termination for Good Reason and the Company notifies the Executive that a dispute exists concerning the termination within the fifteen-day period following receipt thereof, then the Executive may elect to continue the Executive's employment during such dispute and the Termination Date shall be determined under this paragraph. If the Executive so elects and it is thereafter determined that the Executive terminated the Executive's employment for Good Reason in accordance with this Agreement, then the Termination Date shall be the earlier of (1) the date on which the dispute is finally determined, either (x) by mutual written agreement of the parties or (y) in accordance with Section 21 or (2) the date of the Executive's death. If the Executive so elects and it is thereafter determined that the Executive did not terminate the Executive's employment for Good Reason in accordance with this Agreement, then the employment of the Executive hereunder shall continue after such determination as if the Executive had not delivered the Notice of Termination asserting Good Reason and there shall be no Termination Date arising out of such Notice. In either case, this Agreement continues, until the Termination Date, if any, as if the Executive had not delivered the Notice of Termination except that, if it is finally determined that the Executive terminated the Executive's employment for Good Reason in accordance with this Agreement, then the Executive shall in no case be denied the benefits described in Section 8 (including a Termination Payment) based on events occurring after the Executive delivered the Executive's Notice of Termination.

(B) If an opinion is required to be delivered pursuant to Section 8(a)(ii) and such opinion shall not have been delivered, then the Termination Date shall be the date on which such opinion is delivered.

(C) Except as provided in paragraph (A) above, if the party receiving the Notice of Termination notifies the other party that a dispute exists concerning the termination within the fifteen-day period following receipt thereof and it is finally determined that termination of the Executive's employment for the reason asserted in such Notice of Termination was not in accordance with this Agreement, then (1) if such Notice was delivered by the Executive, then the Executive will be deemed to have voluntarily terminated the Executive's employment other than for Good Reason by means of such Notice and (2) if delivered by the Company, then the Company will be deemed to have terminated the Executive's employment other than by reason of death, disability or Cause by means of such Notice.

**Certification of President and Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934**

I, Kenneth C. Bockhorst, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Badger Meter, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 25, 2019

By /s/ Kenneth C. Bockhorst
Kenneth C. Bockhorst
President and Chief Executive Officer

**Certification of Vice President – Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934**

I, Robert A. Wrocklage, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Badger Meter, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 25, 2019

By /s/ Robert A. Wrocklage
Robert A. Wrocklage
Vice President – Chief Financial Officer

Written Statement of the Chief Executive Officer and Chief Financial Officer**Pursuant to 18 U.S.C. §1350**

Solely for the purpose of complying with 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and Chief Financial Officer of Badger Meter, Inc., a Wisconsin corporation (the “Company”), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2019 (the “Report”) fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 25, 2019

By /s/ Kenneth C. Bockhorst
Kenneth C. Bockhorst
President and Chief Executive Officer

By /s/ Robert A. Wrocklage
Robert A. Wrocklage
Vice President – Chief Financial Officer