

at
HOME



at
WORK



at
PLAY



on
the
GO

Many people know us for our water meters – a visible product found in their home that measures water usage so the utility can send a bill.

But few people know how many other roles we have in their daily life, from the temperature in their office to the gasoline in their car.

In fact, our products perform a variety of functions in a diverse array of markets:

at **HOME**, at **WORK**,

at **PLAY** and on the **GO**.



BADGER METER is an innovator in flow measurement and control products, serving water utilities, municipalities, and commercial and industrial customers worldwide.

MUNICIPAL WATER

MARKET SERVED:
Water utilities



FLOW INSTRUMENTATION

MARKETS SERVED:

Industrial process	Water and wastewater	Pharmaceutical
Building automation / HVAC	Test and measurement	Power generation
Chemical and petrochemical	Food and beverage	Mining
Research and development		Aerospace
Oil and gas		Semiconductor

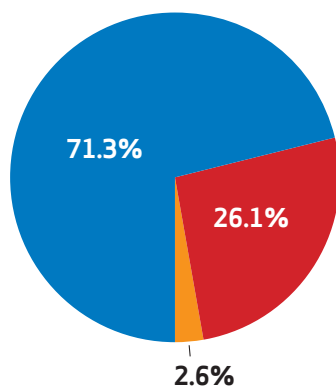


MEASURE Our products accurately and reliably measure whatever moves through a pipe or pipeline — including water, air, steam, oil, and other liquids and gases.

MONITOR Our products and solutions give customers the tools to improve visibility and understanding of what is happening within their systems.

CONTROL Optimized operational management starts with the highest quality measurement and monitoring solutions from Badger Meter.

2014 BADGER METER SALES MIX



■ Municipal Water
■ Industrial Flow Products
■ Specialty Products

SPECIALTY PRODUCTS

MARKETS SERVED:
Gas utilities
Construction



dear **SHAREHOLDERS**



I had a bad morning. My house had no water pressure due to financial problems at my local water utility. My dishwasher overflowed during the night, soaking my kitchen floor. My car didn't start because not enough oil was added at a recent oil change. Then the HVAC system in my office failed to maintain any heat.

That's the bad news. The good news is that none of those things actually happened – thanks to the many flow measurement and control products produced by Badger Meter. In reality, my local water utility is efficiently managed due to our water metering systems. My dishwasher uses a Badger Meter Vision meter to accurately control the water level. My local garage uses a Badger Meter automotive fluid meter to ensure the proper amount of oil goes into my car. And another Badger Meter product keeps the HVAC system in my office, and millions of other offices, running smoothly.

Every day, Badger Meter products turn potentially bad days into good days – at home, at work, at play and on the go. Most people never see our products, but have come to rely on them as an integral part of their daily routine. This Annual Report will highlight some of those uses and, hopefully, showcase the importance of our metering systems. We will also highlight our many successes, both financially and in new product development.

FINANCIAL RESULTS

2014 was a great year for our company, with both record sales and record earnings from continuing operations. Our 2014 sales reached \$364.8 million, a 9.2% increase over 2013. The increase was driven by higher sales of our municipal water products (including our meter reading systems), as well as higher sales of our flow instrumentation products. Our gross margins also improved from 35% in 2013 to 36% in 2014, as our operational efficiency benefitted from higher volumes, lower material prices and our continuing cost containment efforts.

Our strong sales and margins drove higher operating income, and we benefitted from a lower tax rate in 2014. As a result, our earnings increased 20.6% to a record \$29.7 million in 2014, compared to \$24.6 million in 2013.

We generated \$35.7 million in cash from operations in 2014, while continuing to invest in our ongoing research and development projects. Our balance sheet remains strong,

Richard A. Meeusen
Chairman, President &
Chief Executive Officer

with a debt-to-total capitalization ratio of 26.2% and a debt-to-EBITDA ratio of only 1.26 times as of December 31, 2014. Our steady cash flow also enabled us to increase the quarterly cash dividend for the 22nd consecutive year.

NEW PRODUCTS

Two major products introduced in recent years were solid contributors to our 2014 performance. We were pleased to see sales of both ORION[®] SE, our simultaneous drive-by and fixed network system, and the E-Series[®] Ultrasonic water meter line more than double in 2014 compared to 2013.

Our latest product, the BEACON[®] Advanced Metering Analytics (AMA) system, was introduced in January 2014. This product offers the first cost-effective cellular residential radio, along with a strong suite of management systems for our water utility customers. In addition, this system permits homeowners to download the free EyeOnWater app, which enables them to monitor their own water usage through mobile devices, encouraging water conservation. During 2014, we not only sold “starter kits” to over 250 water utilities, but 30 of those utilities committed to a full roll-out of this advanced technology system. We are very pleased with the strong market acceptance of this new product.

We are also seeing strong demand for our flow instrumentation products. Our technologies are a key part of many products that make our lives easier every day. To maintain and grow our market share, we continually develop new features for existing products, as well as entirely new product lines such as our Coriolis mass meters. During 2014, we reorganized our flow instrumentation group to enable greater focus on this important portion of our business.

ACQUISITIONS

We focus our acquisition activity on a small number of select opportunities each year. In 2013, we acquired Aquacue, a Silicon-Valley technology company that enabled us to develop BEACON AMA and the EyeOnWater app. In the first quarter of 2014, we began work on another potential acquisition, but decided not to proceed due to issues uncovered during the due-diligence process. We believe that we invest the appropriate amount of expense, time and effort during such evaluations to assure ourselves and our shareholders that we are making the right acquisitions for our company.

On October 1, 2014, we closed on the acquisition of National Meter and Automation, Inc., our largest distributor with headquarters outside Denver.

“Every day, **BADGER METER PRODUCTS** turn potentially bad days into good days – at **HOME**, at **WORK**, at **PLAY** and on the **GO**.”

National Meter distributes our products for the municipal water utility market, serving customers in Colorado, California, Nevada, Arizona and southern Wyoming. Since National Meter was formed in 2004, it has grown into a strong and highly-respected company. We sell a significant amount of our products through distributors, who have close relationships with our customers and provide important sales, technical and operational support at a local level. The addition of National Meter not only further integrates Badger Meter into this key sales channel, but also benefits our other distributor relationships and our customers.

Since the acquisition, we have positioned National Meter as a regional distribution center for Badger Meter. In addition to its primary product line of water meters and meter reading systems, National Meter also provides services including meter testing, leak detection, water audits, meter and meter reading system installation and meter reading. Further, we believe that National Meter can serve as a platform for future acquisitions in the water metering distribution arena.

SUMMARY

When I look back on the successes of 2014 and the bright prospects for Badger Meter’s future, I believe it all comes down to our products. Some products are easily recognized, while many others are “hidden” in other processes and systems. But they all have one thing in common: they help improve our everyday lives. This important role provides many benefits to our shareholders, our employees and our customers.

Today, I can take a shower, wash my dishes, drive my car and enjoy a climate-controlled office, all thanks to our products. Our technologies and product innovation have been the hallmark of Badger Meter for 110 years. With this strong foundation, I believe we are well positioned for continued growth over the long term.



Richard A. Meeusen
Chairman, President & Chief Executive Officer

at HOME

When many people think of Badger Meter, they think of the water meter in their basement or in the pit setting outside their home. Water meters are actually one of the few products we produce that are visible to the end customer. Many more Badger Meter products are at work behind the scenes, helping to make life easier, healthier and safer.



APPLIANCES

Take dishwashers, for example. Our Vision Turbine meters can be used in a number of different kitchen appliances. These small turbine meters are designed to dispense the right amount of water at the right time. Vision meters help make the dishes spotless or make the perfect cup of coffee, while optimizing the amount of water used. Originally sold only in Europe, we are expanding sales into North America, in a wide variety of applications.



MUNICIPAL WATER SYSTEMS

That familiar water meter in your home is just the beginning of a Badger Meter end-to-end water metering solution. At its most basic, the meter measures water usage so the utility can send you a bill. But many of today's municipal water utilities want much more than that. The newest product in our portfolio of meter reading solutions is BEACON® Advanced Metering Analytics (AMA). BEACON AMA takes meter reading to the next level. Its cloud-based software analytics platform provides comprehensive data that enables utility managers to understand, monitor and manage their water operations, and to improve customer service. Built on the success of our mobile and fixed network ORION® meter reading systems, a BEACON AMA managed solution can include our industry-leading ORION Cellular endpoints, which virtually eliminate the need for costly infrastructure.

Other Badger Meter products, such as our ModMag M-Series® electromagnetic meters, also have an important role in delivering the water you rely on every day. These products measure both water and wastewater as part of a utility's water treatment facilities.



VISION TURBINE METER



RECORDALL® RESIDENTIAL WATER METER



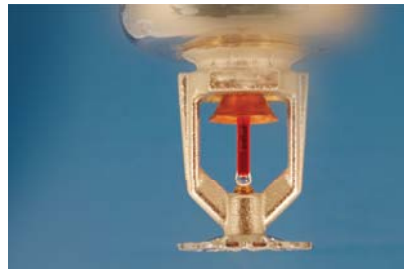
MODMAG M-SERIES® ELECTROMAGNETIC METER



BEACON® ADVANCED METERING ANALYTICS (AMA)



at WORK



From buildings and facilities to industrial processes, Badger Meter products have an important role in the world of work.

HVAC SYSTEMS

When it comes to comfort, our Dynasonics® flow and Btu meters perform a variety of functions in commercial heating, ventilating and air conditioning (HVAC) systems. They integrate flow and temperature sensors to provide energy monitoring in stand-alone diagnostic equipment and as part of large building automation systems. They measure the energy and water heated or consumed in HVAC systems, as well as in cooling-loop applications such as sensitive computer installations. The information provided by our Dynasonics and other flow instrumentation products also helps customers improve efficiency, which in turn can conserve energy and reduce costs.

FIRE SAFETY

Safety is a critical concern for owners of large buildings, especially the potential for loss of life and property from a fire. That's why building codes require owners of large facilities to install fire sprinkler systems. Many sprinkler systems rely on our Recordall® fire series meters and assemblies to provide adequate water to the system and to monitor water usage. Our products can be used in both dedicated fire protection systems and when fire systems are used to supply water for other uses, such as drinking fountains and plumbing fixtures.

So the next time you're nice and warm at work, or you look up and see a fire sprinkler on the ceiling, you could be benefiting from Badger Meter products and technology.

INDUSTRIAL PROCESSES

Our Research Control® valves are used in the manufacturing process for many types of products. An example is the beverage industry, where these small precision valves control the syrup, water and carbon dioxide in soft-drink blending systems.



DYNASONICS® ULTRA FLOW
BTU METER



RECORDALL® FIRE
HYDRANT METER



RECORDALL® FIRE
SERVICE ASSEMBLY



RESEARCH CONTROL® VALVE

at PLAY



Hotels and golf courses are just a few of the settings where Badger Meter has a role in helping to create a fun experience, while measuring and monitoring one of the world's most precious natural resources – water.

LODGING

For many, the best part of travel is getting away from home and enjoying a night or two at a hotel. One of the challenges hotel owners face is making

sure the guest experience includes a hot shower in the morning or before dinner. These peak water usage times are offset by the nighttime hours when a relatively small amount of water is used throughout the hotel. Standard positive displacement meters accurately measure high flows, but are not as well-suited for extremely low flows. The answer for many building owners is our E-Series® Ultrasonic meters. Because these meters use solid-state, high frequency sound waves to measure flows, they are more accurate in low-flow applications. And since they have no moving parts, they offer improved



long-term reliability. The E-Series is available in both stainless steel and polymer versions and can be used outside North America, providing added growth opportunities for Badger Meter.

GOLF COURSES

If you're a golfer, there's nothing quite like standing on the tee looking out over a rolling, bright green landscape that's both beautiful and challenging. But keeping that course healthy and attractive often requires irrigation, and that's where Badger Meter comes in.

Our impeller meters and sensors help golf course managers not only efficiently manage their irrigation system, but also conserve water by determining the efficiency of pumping plants and detecting potential system problems. Our impeller meters are specifically designed for use below grade and in wet locations, making them especially well-suited for golf course irrigation. In addition, our flow sensors enable golf course superintendents to monitor water usage through direct or wireless systems, providing the data they need to ensure maximum performance.



IMPELLER FLOW METER



IMPELLER FLOW SENSOR



E-SERIES® ULTRASONIC METER



ORION® AMR/AMI METER READING SYSTEMS



on the **GO**

People today are always on the go, juggling work, home, school, and family activities. At the same time, there is a growing interest in conserving our natural resources. Here too, you will find Badger Meter has a role.

EYEONWATER APP

The Internet of Things is a popular phrase used to describe the increased connectivity in the world today – with devices and with each other. That connectivity has extended into the municipal water market through the EyeOnWater consumer mobile app that is the latest enhancement to our BEACON® Advanced Metering Analytics (AMA) solution. Available for iPhone® and Android™ smartphones and tablets, and as a web-based portal for desktop applications, this new tool connects utilities and their customers like never before. The easy-to-understand graphics show recent water usage, a comparison against the average, usage trends and historical information. A leak-alert function, water conservation tips and access to a savings calculator are also included. For utilities that want to improve their customer service and consumers who want to be better stewards of their water use, EyeOnWater is a win-win.



FROM THE GROUND TO THE PUMP

In the oil industry, the flow of liquids must be measured during every phase of exploration, production and transportation. Upstream operations can span offshore and onshore activities, including well testing and enhanced oil recovery, completion and separation to turn crude oil into the gas you put into your car at the pump.

Badger Meter offers one of the broadest portfolios of products used in getting oil from the wellhead to the pipeline, including respected brand names such as Blancett®, Hedland®, Dynasonics® and Research Control® valves. And when it's time for an oil change, we're there too with our automotive fluid meters that measure the oil and lubricants going into your car. Accurate measurement helps in conserving natural resources, one of the important drivers behind our long-term performance and future growth.



AUTOMOTIVE FLUID METER



EYEONWATER APP



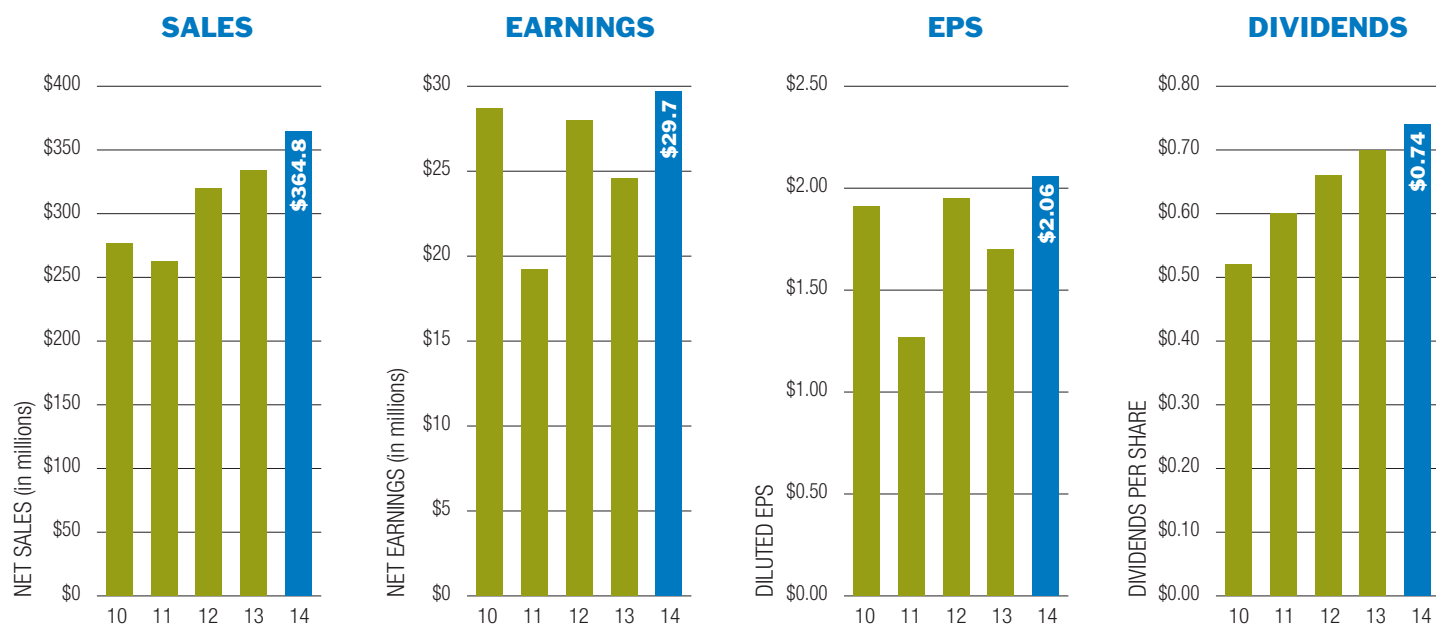
BLANCETT® TURBINE METER



HEDLAND® VARIABLE AREA FLOW METERS

performance DATA

DECEMBER 31,	2014	2013	% CHANGE
OPERATIONS (DOLLARS IN THOUSANDS)			
Net sales	\$ 364,768	\$ 334,122	9.2
Net earnings	\$ 29,678	\$ 24,617	20.6
DILUTED PER COMMON SHARE AMOUNTS			
Diluted earnings	\$ 2.06	\$ 1.70	21.2
Cash dividends	\$ 0.74	\$ 0.70	5.7
Net book value	\$ 14.82	\$ 13.64	8.7
YEAR-END FINANCIAL POSITION (DOLLARS IN THOUSANDS)			
Total assets	\$ 341,158	\$ 316,058	7.9
Total debt	\$ 75,927	\$ 70,045	8.4
Shareholders' equity	\$ 214,331	\$ 196,563	9.0
Debt as a percent of total debt and equity	26.2%	26.3%	(0.4)
Net earnings as a percent of ending equity	13.8%	12.5%	10.4
OTHER			
Number of employees	1,431	1,360	5.2
Number of shareholders:			
in employee plans	579	518	11.8
of record	948	969	(2.2)
Shares outstanding at December 31	14,461,193	14,411,876	3.4



board of **DIRECTORS**

Richard A. Meeusen

Chairman, President and Chief Executive Officer, Badger Meter, Inc.

Ronald H. Dix (3)

Retired Senior Vice President - Administration, Badger Meter, Inc.

Thomas J. Fischer (1, 3)

Consultant in Corporate Financial and Accounting Matters; Retired Partner, Arthur Andersen LLP

Gale E. Klappa (1, 2)

Chairman and Chief Executive Officer, Wisconsin Energy Corporation

Gail A. Lione (2, 3)

Adjunct Professor, Marquette University School of Law; Retired President, The Harley-Davidson Foundation; and former Executive Vice President, General Counsel and Secretary, Harley-Davidson, Inc.

Andrew J. Policano (3)

Chaired Professor and Center Director, Paul Merage School of Business, University of California - Irvine

Steven J. Smith (1, 2)

Chairman and Chief Executive Officer, Journal Communications, Inc.

Todd J. Teske (1, 2)

Chairman, President and Chief Executive Officer, Briggs & Stratton Corporation

Committees of the Board

- 1. Audit and Compliance*
- 2. Compensation*
- 3. Corporate Governance*

executive **OFFICERS**

Richard A. Meeusen

Chairman, President and Chief Executive Officer

Richard E. Johnson

Sr. Vice President – Finance, Chief Financial Officer and Treasurer

Fred J. Begale

Vice President – Engineering

William R. Bergum

Vice President – General Counsel and Secretary

Gregory M. Gomez

Vice President – Flow Instrumentation

Horst Gras

Vice President – International Operations

Raymond G. Serdynski

Vice President – Manufacturing

Beverly L. Smiley

Vice President – Controller

Kimberly K. Stoll

Vice President – Sales and Marketing

corporate **INFORMATION**

Badger Meter, Inc., Headquarters

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P.O. Box 245036
Milwaukee, Wisconsin 53224-9536
(414) 355-0400
www.badgermeter.com

Domestic Facilities

Milwaukee, Wisconsin
Racine, Wisconsin
Tulsa, Oklahoma
Scottsdale, Arizona
Los Gatos, California
Centennial, Colorado

Foreign Facilities

Stuttgart, Germany
Nogales, Sonora, Mexico
Brno, Czech Republic
Bern, Switzerland

Independent Registered Public Accounting Firm

Ernst & Young LLP, Milwaukee, Wisconsin

Transfer Agent

American Stock Transfer & Trust Company, LLC
New York, New York
(877) 248-6415
www.amstock.com

Listing of Common Stock

New York Stock Exchange; Symbol—BMI



Form 10-K Report/Shareholder Information

A copy of the company's fiscal 2014 Form 10-K annual report (without exhibits) as filed with the Securities and Exchange Commission is included in this report. Shareholder information, including news releases and Form 10-K, are available on the company's website: www.badgermeter.com. Shareholders who hold their stock in nominee or "street" name can receive shareholder information directly from the company by being placed on our mailing list. Please direct inquiries to: Shareholder Relations, Badger Meter, Inc., P.O. Box 245036, Milwaukee, WI 53224-9536, or call (414) 355-0400.

Annual Meeting

Shareholders are encouraged to attend the 2015 annual meeting at 8:30 a.m. on Friday, April 24, 2015, at the Wisconsin Club - City Club, 900 W. Wisconsin Avenue, Milwaukee, Wisconsin 53233.

Forward Looking Statements

Certain statements contained in this document, as well as other information provided from time to time by the company 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. Please see page one of the enclosed Form 10-K for a list of words or expressions that identify such statements.

Automatic Dividend Reinvestment and Stock Purchase Plan

Badger Meter's Dividend Reinvestment and Stock Purchase Plan is a convenient way to acquire shares of company stock. To receive a prospectus describing the plan and an enrollment card, please contact our plan administrator, American Stock Transfer at (877) 248-6415, or visit their Web site at: www.amstock.com.

Direct Registration System

Shareholders of Badger Meter common stock can hold their shares in uncertificated/book entry form at the Transfer Agent. Current shareholders who wish to transfer their existing shares to Direct Registration should mail their stock certificates to American Stock Transfer per the instructions on their website at www.amstock.com. For more information, please call American Stock Transfer, (877) 248-6415.

Certifications

The company filed as exhibits to its fiscal 2014 Form 10-K the certifications of the Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act. The company also submitted to the New York Stock Exchange during 2014 the Annual CEO Certification required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

Trademarks

Trademarks appearing in this document are the property of their respective entities.

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BADGER METER, INC.

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