

CBRE CLARION GLOBAL REAL ESTATE INCOME FUND

Form N-CSRS

September 03, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**

**INVESTMENT COMPANIES**

Investment Company Act file number 811-21465

CBRE Clarion Global Real Estate Income Fund

(Exact name of registrant as specified in charter)

201 King of Prussia Road, Suite 600

Radnor, PA 19087

(Address of principal executive offices) (Zip code)

T. Ritson Ferguson, President and Chief Executive Officer

CBRE Clarion Global Real Estate Income Fund

201 King of Prussia Road, Suite 600

Radnor, PA 19087

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-877-711-4272

Date of fiscal year end: December 31

Date of reporting period: June 30, 2015

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ( OMB ) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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**Item 1. Reports to Stockholders.**

The semi-annual Report of CBRE Clarion Global Real Estate Income Fund (the Trust ) transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

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CBRE CLARION GLOBAL REAL ESTATE

INCOME FUND

Semi-Annual Report for the Six Months Ended June 30, 2015

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CBRE Clarion Global Real Estate Income Fund (the Trust ), acting in accordance with an exemptive order received from the Securities and Exchange Commission ( SEC ) and with approval of its Board of Trustees (the Board ), has adopted a managed distribution policy (the Policy ) with the purpose of distributing over the course of each year, through periodic distributions as nearly equal as practicable and any required special distributions, an amount closely approximating the total taxable income of the Trust during such year and all of the returns of capital paid by portfolio companies to the Trust during such year. In accordance with its Policy, the Trust distributes a fixed amount per common share, currently \$0.045, each month to its common shareholders. This amount is subject to change from time to time in the discretion of the Board. Although the level of distributions is independent of fund performance, the Trust expects such distributions to correlate with its performance over time. Each monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential increases or decreases in the final dividend periods for each year in light of the Trust s performance for the entire calendar year and to enable the Trust to comply with the distribution requirements imposed by the Internal Revenue Code. Over time, the Trust expects that the distribution rate in relation to the Trust s Net Asset Value ( NAV ) will approximately equal the Trust s total return on NAV.

The fixed amount of distributions will be reviewed and amended as necessary by the Board at regular intervals with consideration of the level of investment income and realized gains. The Board strives to establish a level regular distribution that will meet the Trust s requirement to pay out all taxable income (including amounts representing return of capital paid by portfolio companies) with a minimum of special distributions. The Trust s total return in relation to changes in NAV is presented in the financial highlights table. Shareholders should not draw any conclusions about the Trust s investment performance from the amount of the current distribution or from the terms of the Trust s managed distribution policy. The Board may amend or terminate the managed distribution policy without prior notice to Trust shareholders.

Shareholders should note that the Trust s Policy is subject to change or termination as a result of many factors. The Trust is subject to risks through ownership of its portfolio company holdings including, but not limited to, declines in the value of real estate held by the portfolio company, risks related to general and local economic conditions, and portfolio company losses. Moreover, an economic downturn could have a material adverse effect on the real estate markets and on real estate companies in which the Trust invests, which in turn could result in the Trust not achieving its investment or distribution objectives thereby jeopardizing the continuance of the Policy. Please refer to the prospectus for a fuller description of the Trust s risks.

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**CBRE CLARION GLOBAL REAL ESTATE INCOME FUND SEMI-ANNUAL REPORT 2015 (unaudited)**

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Investors should consider a fund's investment objectives, risks, charges and expenses carefully before investing. A copy of the prospectus that contains this and other information about the Fund may be obtained by calling 888-711-4272. Please read the prospectus carefully before investing. Investing in closed-end funds involves risk, including possible loss of principal. Past performance does not guarantee future results.

Real Estate investments are subject to changes in economic conditions, credit risk, and interest rate fluctuations. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Because real estate funds concentrate their investments in the real estate industry, the portfolio may experience more volatility and be exposed to greater risk than the portfolios of other funds.

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio. There is no assurance that the Fund will achieve its investment objective.

SEMI-ANNUAL REPORT 2015 1

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Letter to Shareholders

*T. Ritson Ferguson*

*Steven D. Burton*

Dear Shareholder:

We are pleased to present the 2015 Semi-Annual Report for the CBRE Clarion Global Real Estate Income Fund (the Trust ).

### **Performance Review**

Global real estate stocks, as measured by the S&P Developed Property Index (S&PDPI) <sup>(1)</sup>, finished slightly negative for the first half of 2015 as healthy first quarter gains were erased by declines late in the second quarter. Real estate stocks started the year with positive returns, but turned negative in the second quarter as the threat of higher interest rates and the unsettled situation in Europe around Greece's continuing financial difficulties weighed on investors' sentiment. Despite the negative returns in the first half of the year, the real estate business fundamentals are very good and the combination of moderate yet steady economic growth and historically low long-term interest rates bodes well for real estate and real estate securities.

During the first six months of 2015, the S&P Developed Property Index (S&PDPI) fell -1.6% and the MSCI REIT Preferred Index (MSRPI) <sup>(2)</sup> rose +3.0%. The Trust's net asset value return (NAV Return, i.e., the change in the Trust's net asset value adjusted for dividends) was -5.8%, trailing the -0.7% return of a blended index comprised of 80% S&PDPI and 20% MSRPI. <sup>(3)</sup> The Trust's market price return of -8.7% (i.e., the change in the Trust's stock price adjusted for dividends) trailed its NAV Return as the discount of the Trust's share price to its NAV widened from 12% at year-end to 15% at June 30, 2015. The Trust's NAV Return underperformed the blended index due to a combination of two main factors. First, the Trust maintained an underweight to U.S. REIT preferred stocks, which outperformed common stocks in the first half of the year. Second, the Trust's common stock portfolio produced below average returns during the period. The average gross return on the Trust's common stock portfolio in the first half of the year was -5.0%, which trailed the S&PDPI due to the portfolio's relative overweight of the U.S. (which has been the worst performing country year-to-date) and its underweight to Asian property stocks, especially Hong Kong, which has been the best performer so far in 2015. We also elected to reposition the portfolio by selling several securities having significant unrealized gains. The gains realized should be offset by losses incurred in past periods. The extra trading activity associated with this re-positioning contributed somewhat to the Trust's relative underperformance so far this year. The Trust's performance was also hurt by holdings positions in several US companies with relatively high yields but lower-than-average earnings growth potential. These stocks did not fare well in the second quarter when the increasing rhetoric about the Federal Reserve increasing interest rates caused a general sell-off in U.S. REITs, especially those with lower-than-average earnings growth. In managing the Trust, we endeavor to strike a balance between an investment portfolio with higher-than-average yield, but also having sufficient growth potential to benefit from stock price appreciation in the current environment of improving real estate fundamentals.

- (1) The S&P Developed Property Index is an unmanaged market-weighted total return index which consists of over 350 real estate companies from 22 developed markets with a free float total market capitalization of at least U.S. \$100 million that derive more than 60% of their revenue from real estate development, management, rental and/or direct investment in physical property.
- (2) The MSCI REIT Preferred Index is a preferred stock market capitalization weighted index of all exchange traded preferred securities of equity REITs.
- (3) We include the return of this blended index as a reference point, since the Trust invests in both common and preferred stocks issued by listed property companies. The Trust does not have a formal performance benchmark.

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The Trust paid total dividends of \$0.27 per share for the first six months of 2015, consisting of six regular monthly dividends of \$0.045 per share. The annualized dividend of \$0.54 per share represents a 6.8% yield on the \$7.96 share price and a 5.8% yield on the \$9.32 NAV as of June 30th. In early July, the Board announced the decision to increase the regular monthly dividend to \$0.05 per share (or \$0.60 annually), an increase of 11%. The increased annualized dividend represents a 7.5% yield on the \$7.96 share price and a 6.4% yield on the \$9.32 NAV as of June 30th.

The Trust's dividend is established by the Board at regular intervals with consideration of the portfolio's level of investment income, potential capital appreciation and market conditions. The Board cited several reasons for increasing the dividend in July, including: 1) the growth of the Trust's net asset value relative to its distribution rate (i.e., dividends paid) over the past 5 years, 2) the increase in the value of the Trust's underlying investments, including significant capital gains realized as a result of the active portfolio management, and 3) the anticipation of increasing levels of earnings and income received from the investment portfolio. The Board will continue to review the level and sustainability of the Trust's regular monthly dividend in light of future market conditions.

## Portfolio Review

The Trust's investments remain well-diversified by property type and geography, as shown in the charts below. At June 30th, approximately 54% the Trust's portfolio was invested in common stock of companies within the Americas region, 15% in the European region, and 22% in the Asia-Pacific region. Approximately 9% of the Trust's portfolio was invested in preferred stock of US real estate companies. The Trust sold its investment in the Link REIT (Hong Kong) in January and invested the proceeds into new investments in Australia and the U.S., which we believe offer more compelling yields and total return prospects. By property type, we continue to favor retail properties, including top-quality malls and shopping centers, where cash flow growth benefits from economic recovery cycles. A number of the portfolio's investments in the Asia-Pacific region are classified under the diversified property type as companies in this region tend to specialize by geography, owning a mix of high quality office, retail and residential properties. The Trust also has meaningful positions in the industrial, apartment and office sectors, which stand to benefit from the acceleration in economic activity we expect will continue, particularly in the U.S.

## Geographic Diversification

## Sector Diversification

*Source: CBRE Clarion Securities as of 06/30/2015. Geographic and Sector diversification are unaudited. Percentages presented are based on managed trust assets, which includes borrowings. The percentages in the pie charts will differ from those on the Portfolio of Investments because the figures on the Portfolio of Investments are calculated using net assets of the Trust.*

## Market Commentary

**Real estate stocks were down in the second quarter after a good start to the year on concerns about the situation in Greece and rising long-term interest rates.** The fundamentals of the property business are steadily improving, but property stocks were poor performers for the second quarter as investor fears of the impacts of higher interest rates and the unsettled situation in Europe around the resolution of Greece's continuing financial difficulties overwhelmed the good news of improving fundamentals, earnings and values. Only property stocks in Hong Kong managed gains for the second quarter. Property stocks in Continental Europe and the U.S. were the poorest performers, each declining more than 10% in local currency terms. The decline in the second quarter erased the gains of the first quarter as returns are now slightly negative year-to-date.



**Table of Contents****Global Real Estate Performance by Country\***

Region/ Country	Q1 2015	Q2 2015	YTD 2015
World	4.8%	-6.1%	-1.6%
North America	4.7%	-10.1%	-5.9%
Canada	-2.1%	-3.7%	-5.8%
United States	4.9%	-10.3%	-5.9%
Europe	6.5%	-3.0%	3.3%
Continental Europe	7.6%	-7.1%	-0.1%
United Kingdom	4.6%	4.0%	8.8%
Asia-Pacific	4.0%	-1.3%	2.6%
Australia	1.7%	-2.3%	-0.7%
Hong Kong	7.7%	1.5%	9.3%
Japan	3.2%	-3.1%	0.0%
Singapore	2.5%	-0.4%	2.1%

Source: S&P Developed Property Index as of 06/30/2015.

\* Please note that not all countries are displayed. Past performance is no guarantee of future results.

**Real estate values continue to grow despite the recent rise in interest rates.** Rates on long-term (10-year) sovereign bonds rose during the quarter in most major countries around the world between 0.4%-0.8% (i.e., +40-80 basis points), despite the fact that the U.S. Federal Reserve Bank is the only central bank currently signaling an intent to raise short-term interest rates and tighten monetary policy. The increase in long-term rates reflects a sense that global growth is accelerating despite the fact that outside the U.S., most central banks are maintaining very accommodative monetary policy in response to still mixed economic data, weak labor markets, and growth below historical averages and desired targets. Despite the higher rates, demand for real estate remains high given the attractive total return prospects driven by yield and improving earnings growth. The significant sources of capital seeking real estate include institutional investors, sovereign wealth funds, private equity, and listed property companies. Listed property companies at June 30th were trading at an 11% discount to Net Asset Value (NAV) on a global weighted average setting up an interesting arbitrage for savvy investors.

**NAV Premium/Discount by Country**

*Information is the opinion of CBRE Clarion as of 06/30/2015, is subject to change and is not intended to be a forecast of future events, or a guarantee of future results, or investment advice. Forecasts and any factors discussed are not indicative of future investment performance.*

(1)Japan Real Estate Investment Trusts ( J-REITs )

(2) Japan Real Estate Operating Companies ( J-REOCs )

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**Stock prices fell even as capital flows to private real estate are ramping up** and transaction activity indicates that property stocks trade at discounts to private market values. U.S. REITs were the worst performers for the quarter falling more than 10% despite some significant M&A announcements. In early April, Blackstone Group announced a deal to buy U.S. shopping center REIT Excel Realty for \$2 billion. Also in April, Canada-based Brookfield Asset Management announced that it will acquire U.S. apartment company Associated Estates for \$2.5 billion. In late June, Home Properties, a U.S. apartment REIT, reached a deal to be acquired by Lone Star Funds in a deal valued at \$7.6 billion including the assumption of debt. There were two other noteworthy real estate transactions announced in the first half of 2015. Blackstone Group and Wells Fargo announced an agreement to buy approximately \$23 billion of real estate assets (mostly debt) from GE Capital, as GE largely exits the real estate business as part of a larger downsizing of the GE Capital business. Mall giant Simon Property Group was rebuffed in its bid for Macerich, in what would have been a sizeable listed-to-listed transaction. M&A is expected to continue in an environment where capital is widely available and where listed real estate is attractively priced relative to the private market. Data shows that dry powder available to private real estate investment funds rose by \$70 billion to over \$250 billion.

### **Closed-End Private Equity Real Estate Fund Dry Powder (US\$ Billions)**

*Source: Prequin Ltd. as of 06/30/2015. Prequin defines Dry Powder as the sum of the uncalled capital commitments which private equity funds still have to invest. Information is the opinion of CBRE Clarion and is subject to change and is not intended to be a forecast of future events, or a guarantee of future results, or investment advice. Forecasts and any factors discussed are not indicative of future investment performance.*

**Total return prospects for listed real estate look promising.** We are still early in the rental rate recovery cycle in many real estate markets around the world. Economic growth is expanding in most developed markets around the globe, albeit slowly. The spread between cap rates and 10-year sovereign bond yields remains at historically wide levels, even with the recent rise in interest rates, which suggests that there is plenty of cushion to absorb some further increase in bond yields. Meanwhile, property companies continue to benefit from improving fundamentals, earnings growth, rising dividends, and improving property values. For those with a longer-term view, the recent pull-back in real estate stock prices may prove to be an interesting buying opportunity.

We appreciate your continued faith and confidence.

Sincerely,

CBRE CLARION SECURITIES LLC

T. Ritson Ferguson, CFA  
President & CEO  
Co-Portfolio Manager

Steven D. Burton, CFA  
Co-Portfolio Manager

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The views expressed represent the opinion of CBRE Clarion Securities which are subject to change and are not intended as a forecast or guarantee of future results. This material is for informational purposes only. It does not constitute investment advice and is not intended as an endorsement of any specific investment. Stated information is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CBRE Clarion Securities believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimate, projections, and other forward-looking statements are based on available information and management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions which may involve known and unknown risks and uncertainties. The securities discussed herein should not be perceived as a recommendation to purchase or sell any particular security. It should not be assumed that investments in any of the securities discussed were or will be profitable. Actual results, performance or events may differ materially from those expressed or implied in such statements. Investing in real estate securities involves risks including the potential loss of principal. Real estate equities are subject to risks similar to those associated with the direct ownership of real estate. Portfolios concentrated in real estate securities may experience price volatility and other risks associated with non-diversification. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. ***Past performance is no guarantee of future results.***

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Portfolio of Investments (unaudited)

**June 30, 2015**

Shares		Market Value (\$)
	<b>Real Estate Securities* 109.9%</b>	
	<b>Common Stock 100.4%</b>	
	<b>Australia 11.6%</b>	
4,309,600	DEXUS Property Group	\$ 24,180,215
11,351,100	Federation Centres	25,475,407
1,410,723	Goodman Group	6,798,446
11,628,821	Scentre Group	33,517,166
5,202,900	Westfield Corp.	36,470,411
		126,441,645
	<b>Canada 7.2%</b>	
200,100	Calloway Real Estate Investment Trust	4,635,261
500,000	Crombie Real Estate Investment Trust	4,994,193
1,856,000	H&R Real Estate Investment Trust	33,360,279
2,522,900	InnVest Real Estate Investment Trust	10,407,253
1,132,900	RioCan Real Estate Investment Trust	24,292,309
		77,689,295
	<b>France 5.9%</b>	
67,789	Altarea <sup>(a)</sup>	12,122,645
514,560	Klepierre	22,620,448
117,451	Unibail-Rodamco SE	29,666,845
		64,409,938
	<b>Japan 6.4%</b>	
15,811	Japan Retail Fund Investment Corp.	31,643,966
480,800	Mitsui Fudosan Co., Ltd.	13,465,465
711,400	Sumitomo Realty & Development Co., Ltd.	24,961,352
		70,070,783
	<b>Mexico 0.9%</b>	
6,043,300	Prologis Property Mexico SA de CV <sup>(a)</sup>	10,191,147
	<b>Netherlands 3.1%</b>	
528,401	Eurocommercial Properties NV	22,021,983
277,161	Vastned Retail NV	12,202,736
		34,224,719
	<b>New Zealand 0.7%</b>	
9,050,000	Goodman Property Trust	7,222,206
		<b>Market Value (\$)</b>
	<b>Singapore 4.9%</b>	
6,735,000	Ascendas Real Estate Investment Trust	\$ 12,304,568

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25,453,700	CapitaLand Commercial Trust	29,489,619
8,677,000	Suntec Real Estate Investment Trust	11,116,097
		52,910,284
	<b>United Kingdom 8.3%</b>	
4,182,800	British Land Co. Plc	52,198,742
1,263,400	Hammerson Plc	12,229,676
3,964,910	SEGRO Plc	25,304,128
		89,732,546
	<b>United States 51.4%</b>	
2,828,653	Brandywine Realty Trust	37,564,512
1,745,532	CBL & Associates Properties, Inc.	28,277,618
366,500	DCT Industrial Trust, Inc.	11,522,760
415,300	Douglas Emmett, Inc.	11,188,182
1,861,500	Duke Realty Corp.	34,568,055
668,000	Equity Residential	46,873,560
58,500	Essex Property Trust, Inc.	12,431,250
1,519,769	General Growth Properties, Inc.	38,997,273
593,415	Health Care REIT, Inc.	38,945,826
448,500	Healthcare Realty Trust, Inc.	10,432,110
457,300	Healthcare Trust of America, Inc., Class A	10,952,335
280,300	Highwoods Properties, Inc.	11,197,985
390,900	Home Properties, Inc.	28,555,245
1,774,900	Host Hotels & Resorts, Inc.	35,196,267
945,900	Kimco Realty Corp.	21,320,586
1,703,200	Liberty Property Trust	54,877,104
175,000	Simon Property Group, Inc.	30,278,500
3,553,387	Spirit Realty Capital, Inc.	34,361,252
321,400	Taubman Centers, Inc.	22,337,300
826,300	UDR, Inc.	26,466,389
844,400	WP GLIMCHER, Inc.	11,424,732
		557,768,841
	<b>Total Common Stock</b>	
	(cost \$1,134,328,832)	1,090,661,404

See notes to financial statements.



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Portfolio of Investments concluded

Shares		Market Value (\$)
	<b>Preferred Stock 9.5%</b>	
	<b>United States 9.5%</b>	
100,000	CBL & Associates Properties, Inc., Series D	\$ 2,513,000
320,000	Digital Realty Trust, Inc., Series E	8,179,200
1,050,000	EPR Properties, Series F	27,300,000
444,300	General Growth Properties, Inc., Series A	11,245,233
150,000	iStar Financial, Inc., Series F	3,697,500
765,000	iStar Financial, Inc., Series I	18,360,000
400,000	LaSalle Hotel Properties, Series I	10,360,000
268,000	Pebblebrook Hotel Trust, Series A	6,863,480
272,000	Pennsylvania Real Estate Investment Trust, Series B	7,208,000
280,000	Urstadt Biddle Properties, Inc., Series F	7,352,800
	<b>Total Preferred Stock</b>	
	(cost \$89,439,607)	103,079,213
	<b>Total Investments 109.9%</b>	
	(cost \$1,223,768,439)	1,193,740,617
	Liabilities in Excess of Other Assets (9.9)%	(107,583,432)
	<b>Net Assets 100.0%</b>	<b>\$ 1,086,157,185</b>

\* Include U.S. Real Estate Investment Trusts ( REIT ) and Real Estate Operating Companies ( REOC ) as well as entities similarly formed under the laws of non-U.S. Countries.

(a) Non-income producing security.

*See notes to financial statements.*

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## Statement of Assets and Liabilities (unaudited)

	<b>June 30, 2015</b>
<b>Assets</b>	
Investments, at value (cost \$1,223,768,439)	\$1,193,740,617
Cash and cash equivalents (including foreign currency of \$249,225 with a cost of \$248,963)	249,250
Unrealized appreciation on spot contracts	890
Dividends and interest receivable	5,510,788
Dividend withholding reclaims receivable	559,371
Other assets	98,269
<b>Total Assets</b>	<b>1,200,159,185</b>
<b>Liabilities</b>	
Line of credit payable	112,735,000
Unrealized depreciation on spot contracts	1,331
Management fees payable	841,288
Accrued expenses	424,381
<b>Total Liabilities</b>	<b>114,002,000</b>
<b>Net Assets</b>	<b>\$1,086,157,185</b>
<b>Composition of Net Assets</b>	
\$0.001 par value per share; unlimited number of shares authorized, 116,590,494 shares issued and outstanding	\$116,590
Additional paid-in capital	1,297,453,644
Distributions in excess of net investment income	(65,155,074)
Accumulated net realized loss on investments and foreign currency transactions	(116,142,117)
<b><u>To Receive Certificates for Shares:</u></b>	

Your written request must indicate the number of shares to be certificated from your Plan account. All registered owners must sign the request.

AST will register the certificates for shares of our common stock withdrawn from the Plan in your name exactly as shown on the account registration. Guarantees of signatures are not required. Upon request, certificates can be registered in another manner. In that case, registered owners must sign the request and obtain a Medallion Signature Guarantee for all registered owners.

Certificates for shares of our common stock withdrawn from the Plan will be issued to you without charge. Certificates for fractions of shares will not be issued under any circumstances.

If you participate in the Plan under the dividend reinvestment option, AST will continue to reinvest dividends on any shares you withdraw from the Plan in certificated form. If you participate in the Plan under the no reinvestment option, AST will pay dividends on the shares you withdraw from the Plan in certificated

form by check.

To Sell Shares:

Your written request must indicate the number of shares to be sold from your Plan account and must bear the signature of all registered owners.

AST will accumulate sale requests from participants and, approximately every five business days, will submit a sale request to the independent broker-dealer on behalf of those participants. The proceeds of the sale will be remitted to you, less brokerage commissions. Brokerage commissions will be allocated to you based on the rate negotiated with the independent broker-dealer.

Any shares you request to be sold may, at the option of the independent broker-dealer, be purchased on behalf of the Plan with any available funds being invested under the Plan. If purchased with Plan funds, the purchase price will be the average of the high and low prices of shares of our common stock as reported in New York Stock Exchange composite transactions on the date the request for such sale is received (or, if our common stock is not traded on the New York Stock Exchange on that date, on the next day on which it is traded). The sale

proceeds will be paid to you. A \$15.00 fee for each sale plus a \$0.10 brokerage commission for each share sold will be deducted from the proceeds. Be aware that the price of our common stock may rise or fall during the period between requesting a sale and the actual sale. You will bear the risk associated with any change in price.

**17. How and when may I terminate participation in the Plan?**

You may terminate participation in the Plan at any time by notifying AST. Your notification should include instructions as to whether your Plan shares should be withdrawn from the Plan and issued to you in certificated form or sold through the Plan. Whole shares will be withdrawn in certificated form or sold as described in the answer to Question 16, under To Sell Shares. When your account is terminated, a cash payment for any fractional shares (computed to three decimal places) remaining in the account will be made to you. Fractional shares will not be issued in certificated form, but will be grouped with other fractional shares and sold using the procedure for sale of whole shares described in the answer to Question 16, under To Sell Shares.

If AST receives your request to terminate Plan participation at least two business days before the dividend payment date in a month when dividends would be paid (generally, March 15, June 15, September 15 or December 15), then any dividend that would otherwise have been invested during the investment period for that month will be paid to you. If your request to terminate Plan participation is received less than two business days before the dividend payment date in a month when dividends would be paid (generally, March 15, June 15, September 15 or December 15), then any dividend scheduled to be invested will be invested and then your enrollment in the Plan will be terminated. All future dividends on shares registered in your name will be paid directly to you.

AST may terminate your participation in the Plan after mailing a Notice of Intention to Terminate to you at the address which appears on our records.

**18. When may I rejoin the Plan?**

Generally, you may again become a participant at any time subject to the eligibility requirements (see answer to Question 4). However, we reserve the right to reject any Enrollment Form from a previous participant on the grounds of excessive joining and terminating. Such reservation is intended to minimize administrative expenses and to encourage use of the Plan as a long-term investment service.

**CERTIFICATES FOR SHARES ACCOUNTS REPORTS**

**19. Will I receive certificates for shares purchased?**

Certificates for shares purchased under the Plan will not be automatically delivered to you. The shares of our common stock purchased for you will be credited to your Plan account and will show on your statement of account. However, if you wish to

obtain certificates for any number of whole shares credited to your account without withdrawing from the Plan, you may do so in the manner described in the answer to Question 16, under To Receive Certificates for Shares.

**20. In whose name will you maintain accounts and in whose name will you register certificates when issued?**

AST will maintain your Plan account in the name or names which appear on our shareholder records.

AST will register certificates for shares of our common stock when issued to you, in the name or names in which your account is maintained. Certificates will be issued in such other name(s) as you may request as described in the answer to Question 16, under To Receive Certificates for Shares.

**21. May I transfer certificates for shares of common stock registered in my name into a Plan account for safekeeping?**

-15-

To provide for safekeeping, you may transfer certificates for shares of our common stock registered in your name into your Plan account. You should forward the certificates for those shares via registered and insured mail, to protect against loss in transit. You must include a check for \$7.50 payable to American Stock Transfer & Trust Company, LLC each time you send shares for deposit. Mail certificates and any applicable payment to: Plan Administration Department, American Stock Transfer & Trust Company, LLC, P. O. Box 922, Wall Street Station, New York, NY 10269-0560, with a letter instructing AST to transfer the shares to your Plan account. You should not endorse the certificates or complete the assignment section.

The fee of \$7.50 for this service will be waived if you have elected to deposit your shares and sell them at the same time through the Plan (the fees for selling shares will apply). If you are not already participating in the Plan, then complete and sign an Enrollment Application to accompany the certificates for safekeeping in the Plan.

Shares of our common stock deposited for safekeeping will be transferred to AST as custodian for you and credited to your Plan account. Thereafter, AST will treat such shares of common stock in the same manner as shares of common stock purchased under the Plan and credited to your accounts. AST will pay to you, or reinvest in shares of common stock in accordance with the reinvestment election designated on your Enrollment Form, dividends paid on shares of common stock credited to your account that you deposited into the Plan for safekeeping.

## **22. What reports and other information will you send to me?**

You will receive a Plan statement of account following each optional cash investment transaction, with respect to shares for your Plan account. You will also receive a Plan statement following each dividend reinvestment transaction. The Plan statements will show a year-to-date summary of (separately for shares purchased for your account with reinvested dividends and with optional cash investments):

the number of shares of our common stock purchased during the calendar year,

the number of shares of our common stock purchased during each investment period, and

the purchase price of the shares of our common stock purchased.

The statements provide a continuous record of transactions and you should retain them for income tax purposes (see *Federal Income Tax Consequences* ). You will also receive copies of any amendments to the prospectus relating to the Plan and will receive the same communications as any other shareholder, including annual reports, notices of annual meetings, and proxy statements.

## **OTHER INFORMATION**

**23. What happens if we issue a stock dividend, declare a stock split, or have a rights offering?**

The number and class of shares subject to the Plan will be automatically adjusted to reflect events such as dividends, stock splits, recapitalizations and like changes. AST will credit to your account any shares (including fractional shares) of our common stock distributed as a stock dividend on shares of our common stock credited to your account under the Plan, or upon any split of such shares. AST will mail directly to you stock dividends or splits distributed on all other shares of our common stock held by you and registered in your own name. In a rights offering, AST will base entitlement upon your total holdings, including those holdings credited to your account under the Plan. AST will, or the independent broker-dealer will, sell common share purchase rights applicable to shares of our common stock credited to your account under the Plan, credit the proceeds to your account under the Plan, and apply the proceeds to the purchase of shares during the next investment period.

If you wish to exercise, transfer, or sell the common share purchase rights applicable to the shares credited to your account under the Plan, you must request, prior to the record date for the issuance of any such rights, that the whole shares credited to your account be transferred from the account and registered in your name.

**24. How will my shares be voted at meetings of shareholders?**

AST will vote Plan shares in accordance with the proxy which we will furnish to you. You can vote your shares as described in the accompanying proxy statement. If you do not vote your proxy, AST will not vote the shares.

**25. What is our responsibility under the Plan?**

Neither we, nor AST, nor any agent or affiliate of either of us will have any responsibility beyond the exercise of ordinary care for any action taken or omitted pursuant to the Plan, nor will we have any duties, responsibilities or liabilities, except as expressly set forth in this prospectus. In administering the Plan, neither we, nor AST, nor any agent or affiliate of either of us will be liable for any act done in good faith, or for any omission to act in good faith, including without limitation, any claim of liability with respect to the prices at which shares of our common stock are purchased or sold for your account, the times when the purchases or sales are made or any inability to purchase or sell shares of our common stock, for any fluctuation in the market value after purchase or sale of such shares, or arising out of failure to terminate your account upon your death prior to the receipt of notice in writing of such death. However, this provision does not extend to liability resulting from violation of the federal securities laws.

You should recognize that neither we, nor AST, nor the independent broker-dealer can assure you of a profit or protect you against a loss on shares purchased under the Plan.

**26. Who interprets and regulates the Plan?**

We have the sole right to interpret and regulate the Plan.

**27. Can you suspend, modify, or terminate the Plan?**

We have the right to suspend, modify, or terminate the Plan at any time. Notice of any suspension, modification, or termination of the Plan will be given to participants. In the event of termination of the Plan, certificates for whole shares credited to your account under the Plan will be delivered to you. A cash payment will be made for any fractional share based on the average of the high and low prices of shares our common stock reported in New York Stock Exchange composite transactions on the next day on which shares of our common stock trade on the Exchange following the date of termination of the Plan.

**28. What are the common share purchase rights?**

Each share of common stock is accompanied by a common share purchase right in accordance with the Rights Agreement, dated as of February 15, 2008 (the Rights Agreement), between us and AST. The common share purchase rights have certain anti-takeover effects and may discourage or make more difficult the acquisition of



our company on a non-negotiated basis, such as by an unsolicited tender offer. In this prospectus unless the context otherwise requires all references to our common stock include the accompanying common share purchase rights.

On February 15, 2008, our Board of Directors declared a dividend of one common share purchase right for each share of our common stock outstanding on May 26, 2008. In addition, we have issued and will continue to issue one common share purchase right for each share of common stock which becomes or which has become outstanding between May 26, 2008 and such time as the common share purchase rights become exercisable or cease to be attached to the shares of our common stock. The common share purchase rights are not presently exercisable, but 10 days after a public announcement that a person or group has acquired 15% or more of our common stock or 10 business days (subject to extension) after a person or group announces a tender offer or exchange offer the completion of which would result in the ownership by such person or group of at least 15% of our common stock, the common share purchase rights will become exercisable. When exercisable, the common share purchase rights will entitle each holder of a right to purchase one share of authorized but unissued common

stock for each right, subject to adjustment. The exercise price of each common share purchase right is \$200.00, subject to adjustment as provided in the Rights Agreement. Upon the occurrence of certain events, including the acquisition by any person or group of 15% or more of our common stock, each common share purchase right, other than rights held by an acquiring party, will entitle the holder to purchase, at the exercise price, common stock having a market value of two times the then-current exercise price. The Rights Agreement excludes from its effects certain

Excluded Persons. An Excluded Person includes (a) the company; (b) any of our subsidiaries; (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) any person who has reported or is required to report their ownership on Schedule 13G (or any comparable or successor report) under the Securities Exchange Act of 1934, as amended (the Exchange Act), or on Schedule 13D (or any comparable or successor report) under the Exchange Act, 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 15% or more of the outstanding common stock and, within ten business days of being requested by us to advise us regarding the same, certifies to us that such person acquired 15% or more of the outstanding common stock inadvertently and who or which, together with all affiliates and associates, thereafter does not acquire additional shares of common stock while the beneficial owner of 15% or more of the outstanding shares of common stock; 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.

The common share purchase rights may be redeemed or exchanged as provided and subject to the limitations set forth in the Rights Agreement; otherwise, the rights will expire on May 26, 2018.

**29. Do I have a right to draw against my account?**

You will not have a right to draw checks or drafts against your Plan account or give instructions to the administrator with respect to any shares or cash held therein, except as expressly provided in this prospectus.

**30. What law governs the Plan?**

The Plan will be governed by the laws of the State of Wisconsin.

## STATE REGULATION

The terms and conditions of the Plan are governed by the laws of the State of Wisconsin. Section 180.1150 of the Wisconsin Business Corporation Law provides that the voting power of shares of a resident domestic corporation, such as Badger Meter, which are held by certain persons in excess of 20% of the voting power of any such corporation will be limited to 10% of the full voting power of such excess shares. This statutory voting restriction is not applicable to shares acquired directly from Badger Meter, shares acquired prior to April 22, 1986, and under certain other circumstances.

Section 180.1141 of the Wisconsin Business Corporation Law provides that a resident domestic corporation, such as Badger Meter, may not engage in a business combination with an interested stockholder (a person beneficially owning 10% or more of the voting power of the outstanding common stock) for three years after the date (the stock acquisition date) the interested stockholder acquired his 10% or greater interest, unless the business combination (or the acquisition of the 10% or greater interest) was approved before the stock acquisition date by the corporation's board of directors. After the three-year period, a business combination that was not so approved can be consummated only if (i) it is approved by the majority of the outstanding voting shares not held by the interested stockholder; (ii) is made at a specified formula price intended to provide a fair price for the shares held by non-interested stockholders or (iii) is excluded from certain business combination restrictions.

Participants with significant holdings of Badger Meter's stock are advised to consult their attorney to determine the applicability and effect of such provisions.

## FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain U.S. federal income tax consequences of participation in the Plan to U.S. Holders (as defined below). This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, final, temporary, and proposed Treasury regulations, administrative pronouncements of the Internal Revenue Service, or IRS, and judicial decisions, all as in effect on the date of this prospectus and all subject to change or differing interpretations, possibly with retroactive effect. This summary is limited to participants that will hold shares of our common stock as capital assets within the meaning of Section 1221 of the Code (generally, held for investment). This summary does not address all of the tax consequences that may be relevant to you in light of your particular circumstances or to participants that are subject to special rules (including, without limitation, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, individual retirement accounts, qualified retirement plans, tax-exempt organizations, entities or arrangements treated as partnerships for U.S. federal income tax purposes, entities treated as corporations for U.S. federal income tax purposes, broker dealers, foreign corporations, other foreign entities, persons who own our stock as part of a straddle hedge, conversion transaction, or other risk reduction or integrated investment transaction, and persons who are not U.S. Holders).

**YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PARTICIPATION IN THE PLAN.**

For purposes of this discussion, a U.S. Holder is a beneficial owner of shares of our common stock that is for U.S. federal income tax purposes: (1) an individual citizen or resident of the United States; (2) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (3) a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

### **Reinvested Cash Dividends**

In general, with respect to cash dividends paid by us and reinvested under the Plan, you will be treated for U.S. federal income tax purposes as though you actually received a distribution in cash. With respect to reinvested dividends used to purchase shares (including any fractional share) directly from us, you will be treated for U.S. federal income tax purposes as having received a distribution in an amount equal to the fair market value of the shares purchased for your account under the Plan and any amounts required to be withheld. With respect to reinvested dividends used to purchase shares (including any fractional share) on the open market, you will be treated for U.S. federal income tax purposes as having received a distribution in an amount equal to the sum of (1) the cash dividend used to purchase those shares, (2) your allocable portion of the brokerage commissions paid by us to purchase those shares on the open market, and (3) any amounts required to be withheld. These distributions will be treated as taxable dividend income to you to the extent paid out

of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that such distributions exceed our current and accumulated earnings and profits, the excess will constitute a return of capital that is applied against, and will reduce, your tax basis in our common stock, but not below zero, and then will be treated as gain from the sale of such stock. We will report to you and the IRS (to the extent required by law) the amount of any dividends you receive (or are deemed to receive) for U.S. federal income tax purpose.

Participants should not be treated as receiving an additional taxable distribution relating to their pro rata share of our fees or other costs of administering the Plan, all of which will be paid by us. However, there can be no assurance that the IRS will concur with this position. We have no present plans to seek formal advice from the IRS on this issue.

### **Optional Cash Investments**

In general, a participant who makes an optional cash purchase under the Plan will have the same federal income tax consequences as participants who purchase our shares outside the Plan.

### **Tax Basis and Holding Period of Shares**

The tax basis of shares of our common stock purchased directly from us with reinvested dividends pursuant to the Plan will generally equal the total amount of the cash reinvested in our common stock. The tax basis of shares of our common stock acquired with initial or optional cash investments generally will equal the amount of the cash payment. The tax basis of shares purchased in the open market to satisfy Plan requirements generally will equal the amount of the cash reinvested and the amount of any brokerage fees incurred by the Plan on your behalf. The tax basis of shares of common stock acquired under the Plan will be reported by our transfer agent in accordance with the Treasury Regulations that are currently effective. Because certain aspects of the Plan do not fall within the narrow definition of dividend reinvestment plan under such regulations, we expect that participants in the Plan will not be able to elect to cause our transfer agent to use cost basis averaging for shares in the Plan acquired after January 1, 2011. We expect that our transfer agent's default method of determining cost basis, which is FIFO-First In, First Out, will apply.

The holding period for shares acquired under the Plan (including any fractional share) generally will begin on the date after the date on which the shares are purchased and credited to your Plan account, regardless of the source of purchase. Consequently, shares of our common stock acquired at different times will have different holding periods.

### **Withdrawal of Shares**

You generally will not realize any taxable income or any gain or loss for U.S. federal income tax purposes when whole shares are withdrawn from your Plan account, either upon request for withdrawal by you, upon termination of your participation in the Plan or upon termination of the Plan by us.

### **Sale of Shares**

You will generally recognize gain or loss when shares of common stock acquired under the Plan (including fractions of a share) are sold by the Plan administrator or by you after withdrawal of the shares from the Plan. The amount of such gain or loss will be equal to the difference between (1) the amount you receive for the shares, reduced by the expenses of sale (including brokerage commissions and service fees charged for the sale of shares), and (2) your tax basis in the shares sold. You also will recognize a gain or loss when you receive cash payments for fractional shares credited to your account upon your withdrawal from the Plan or upon the Plan's termination. The amount of such a gain or loss will be equal to the difference between (1) the amount which you receive for your fractional shares and (2) your tax basis in such fractional shares. In general, any gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if you have held the shares for more than one year. Long-term capital gains of individuals and certain other non-corporate taxpayers are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to certain limitations. You should consult your tax advisor as to the consequences of a sale of shares in view of your particular circumstances.

**Withholding**

If you are subject to withholding taxes, we will withhold the required taxes from the gross dividends and from the proceeds from the sale of shares. In any case in which U.S. federal income taxes are required to be withheld, the Plan administrator will reinvest an amount equal to the dividend less the amount of tax withheld. The dividends and proceeds received by you, or dividends reinvested on your behalf, will be net of the required taxes. For IRS reporting purposes, the amount of any tax withheld will be included in the holder's dividend income. We cannot refund any amounts withheld.

**Medicare Tax**

Certain U.S. Holders that are individuals, estates or trusts will be required to pay an additional 3.8% Medicare tax on, among other things, certain dividends and capital gains from the sale or other disposition of

stock. Participants that are individuals, estates or trusts should consult with their own tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of an investment in shares of our common stock acquired through the Plan.

## **FATCA**

Under the Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act and the Treasury Regulations thereunder (as modified by IRS Notice 2013-43), commonly referred to as FATCA, withholding may be required with respect to dividends in respect of common stock, and gross proceeds from the sale of common stock received on or after January 1, 2019, for participants that hold the shares of common stock through a foreign financial institution or a non-financial foreign entity. Subject to certain exceptions, a 30% withholding tax will be imposed on such payments made to (1) foreign financial institutions unless they agree to collect and disclose to the IRS information regarding their direct and indirect U.S. account holders, and (2) certain non-financial foreign entities unless they certify certain information regarding their direct and indirect U.S. owners. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. If withholding is required under these rules, the appropriate amount of tax will be deducted from dividends and from the proceeds of the sale of shares, and only the remaining amount will be reinvested or paid. Prospective participants should consult with their own tax advisors regarding FATCA and the application of these requirements to an investment in shares of our common stock acquired through the Plan.

**The above summary is not a comprehensive discussion of all of the tax considerations that may be relevant to a participant in the Plan. Therefore, you are urged to consult your tax advisors regarding the consequences of participation in the Plan.**



## PLAN OF DISTRIBUTION

Persons who acquire shares of our common stock through the Plan and resell them shortly after acquiring them, including coverage of short positions, under certain circumstances, may be participating in a distribution of securities that would require compliance with Regulation M under the Securities Exchange Act of 1934 and may be considered to be underwriters within the meaning of the Securities Act of 1933. We will not extend to any such person any rights or privileges other than those to which it would be entitled as a participant, nor will we enter into any agreement with any such person regarding the resale or distribution by any such person of the shares of our common stock so purchased.

Subject to the availability of shares of our common stock registered for issuance under the plan, there is no maximum number of shares that can be issued pursuant to the reinvestment of dividends or cash investments. From time to time, financial intermediaries, including brokers and dealers, and other persons may engage in positioning transactions in order to benefit from any discounts applicable to investments made under the Plan. Those transactions may cause fluctuations in the trading volume of our common stock. Financial intermediaries and such other persons who engage in positioning transactions may be deemed to be underwriters. We have no arrangements or understandings, formal or informal, with any person relating to the sale of shares of our common stock to be received under the Plan. We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible persons in order to eliminate practices which are inconsistent with the purpose of the Plan.

Our common stock offered pursuant to the Plan will be purchased, at our option, directly from us or in the open market. We will pay any and all brokerage commissions and related expenses incurred in connection with purchases of our common stock under the Plan. Upon withdrawal by a participant from the Plan by the sale of shares of our common stock held under the Plan, the participant will receive the proceeds of that sale less the applicable brokerage commission (currently \$0.10 per share), a service charge of \$15.00 (subject to change at any time) and any required tax withholdings or transfer taxes.

Our common stock may not be available under the plan in all states. We are not making an offer to sell our common stock in any state where the offer or sale is not permitted.

You will pay brokerage commissions and related service charges for shares of our common stock purchased using initial or optional cash investments. There will be a \$0.10 brokerage commission for each share purchased and a \$2.50 related service charge for shares of our common stock purchased with additional cash investments.

## **IMPORTANT CONSIDERATIONS**

We created the Plan to provide a useful service for our shareholders. We are not recommending that you buy or sell our common stock. You should use the Plan only after you have independently researched your investment decision.

The value of our common stock may go up or down from time to time. Neither the Securities Investor Protection Corporation, the Federal Deposit Insurance Corporation, nor anyone else insures Plan accounts.

The Plan does not have any effect on our dividend policy, which is subject to the discretion of our board of directors. We make no representation as to the declaration of future dividends or the rate at which dividends may be paid, since they necessarily depend upon our future earnings, financial requirements, and other factors.

## **USE OF PROCEEDS**

Since purchases of common stock under the Plan may be purchases of (1) shares of common stock held in treasury, (2) newly issued shares of common stock, or (3) shares of common stock purchased in the open market, we do not know the number of shares of authorized but unissued shares of common stock, if any, that we will ultimately sell under the Plan or the price at which we will sell the shares. Any net proceeds that we receive from the sale of shares under the Plan will be added to our general funds and used for general corporate purposes. We will not receive any proceeds from the sale of shares under the Plan that are acquired on the open market or in privately negotiated transactions.

## **AVAILABLE INFORMATION**

We are subject to the informational requirements of the Securities Exchange Act of 1934 and file reports and other information with the Securities and Exchange Commission. Information, as of particular dates, concerning our directors and officers, their remuneration, their security holdings, the principal holders of our securities and any material interest of such persons in transactions with us, is disclosed in proxy statements distributed to our shareholders and filed with the Securities and Exchange Commission. You can inspect and copy such reports, proxy statements, and other information at the Public Reference Room of the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549, and you can obtain copies of such material from the Public Reference Room of the Securities and Exchange Commission at Washington, D.C. 20549 at prescribed rates or on the Internet at <http://www.sec.gov>. You can call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room.

We have filed with the Securities and Exchange Commission a registration statement on Form S-3 (which together with all amendments and exhibits we refer to as the Registration Statement ) under the Securities Act of 1933, as amended. This prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which we omit in accordance with the rules and regulations of the Securities and Exchange Commission. For further information, see the Registration Statement.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

We have filed the following documents with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (File No. 001-06706) which we incorporate by reference into this prospectus and consider a part of this prospectus:

(a) Our Annual Report on Form 10-K for the year ended December 31, 2017 (filed March 1, 2018);

- (b) Our Definitive Proxy Statement on Schedule 14A for our annual meeting of shareholders held on April 28, 2017 (filed March 14, 2017);
- (c) The description of our common stock, par value \$1 per share, included in our Registration Statement on Form 8-A, dated June 16, 2008, and any amendments or reports filed for the purpose of updating such description; and
- (d) The description of our common share purchase rights included in our Registration Statement on Form 8-A, dated June 16, 2008, and any amendments or reports filed for the purpose of updating such description.

All documents which we file pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and prior to the termination of this offering we incorporate by reference in this prospectus as of the date of filing such documents. Any statement contained in a document incorporated directly or incorporated by reference shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document, which also is incorporated directly or is incorporated by reference, modifies or supersedes such statement. Any such statement that is modified or superseded shall be considered a part of this prospectus only in its modified or suspended form.

We will provide to you, upon written or oral request and without charge, a copy of any or all of the documents referred to above which we have or may incorporate in this prospectus by reference, other than the exhibits for those documents. You can request copies from:

Corporate Secretary

Badger Meter, Inc.

4545 West Brown Deer Road

Milwaukee, WI 53223

You may also request a copy by calling 1-414-371-5702. Current filings are also available on our web site at <http://www.badgermeter.com> under Investors.

### **LEGAL OPINION**

Our counsel, Foley & Lardner LLP, 777 East Wisconsin Avenue, Milwaukee, WI 53202 has rendered an opinion as to the validity of the shares of our common stock which we are offering pursuant to this prospectus.

### **EXPERTS**

The consolidated financial statements of Badger Meter, Inc. appearing in Badger Meter, Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2017, and the effectiveness of Badger Meter, Inc.'s internal control over financial reporting as of December 31, 2017 have been audited by Ernst & Young LLP, independent

registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are, and audited consolidated financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of Ernst & Young LLP pertaining to such consolidated financial statements and the effectiveness of our internal control over financial reporting as of the respective dates (to the extent covered by consents filed with the Securities and Exchange Commission) given on the authority of such firm as experts in accounting and auditing.

**Badger Meter, Inc.**

**Dividend Reinvestment and Stock Purchase Plan**

**Please address all inquiries to**

**American Stock Transfer & Trust Company, LLC as follows:**

**Telephone:**

**(800) 278-4353**

**Street Address:**

**6201 15th Avenue**

**Brooklyn, NY 11219**

**Mailing Address:**

**Plan Administration Department**

**American Stock Transfer & Trust Company, LLC**

**P.O. Box 922, Wall Street Station**

**New York, NY 10269-0560**

**Facsimile:**

**(718) 236-2641**

**Internet Address:**

**<http://www.amstock.com>**

**Electronic Mail Address:**

**[info@amstock.com](mailto:info@amstock.com)**

**TRANSFER AGENT AND REGISTRAR**

**American Stock Transfer & Trust Company, LLC**

**Telephone:**

**(800) 278-4353**

**Mailing Address:**

**Investor Services**

**American Stock Transfer & Trust Company, LLC**

**6201 15th Avenue**

**Brooklyn, NY 11219**

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**PART II**
**INFORMATION NOT REQUIRED IN PROSPECTUS**Item 14. Other Expenses of Issuance and Distribution.

The following table itemizes the expenses incurred by us in connection with the offering of the shares of common stock being registered. All the amounts shown are estimates except the Securities and Exchange Commission registration fee.

<b>Item</b>	<b>Amount</b>
Registration Fee Under the Securities Act of 1933	\$ 320
Printing and Engraving Fees	\$ 7,500
Professional Fees and Expenses	\$ 25,000
Accounting Fees and Expenses	\$ 5,000
Miscellaneous Expenses	\$ 7,500
<b>Total</b>	<b>\$ 45,320</b>

Item 15. Indemnification of Directors and Officers.

Pursuant to the Wisconsin Business Corporation Law and our Restated By-laws, our directors and officers are entitled to mandatory indemnification from us against certain liabilities and expenses (i) to the extent such officers or directors are successful in the defense of a proceeding and (ii) in proceedings in which the director or officer is not successful in defense thereof, unless (in the latter case only) it is determined that the director or officer breached or failed to perform his duties to us and such breach or failure constituted: (a) a willful failure to deal fairly with us or our shareholders in connection with a matter in which the director or officer had a material conflict of interest; (b) a violation of the criminal law unless the director or officer has reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful; (c) a transaction from which the director or officer derived an improper personal profit; or (d) willful misconduct. It should be noted that the Wisconsin Business Corporation Law specifically states that it is the public policy of Wisconsin to require or permit indemnification in connection with a proceeding involving securities regulation, as described therein, to the extent required or permitted as described above.

Additionally, under the Wisconsin Business Corporation Law, our directors are not subject to personal liability to us, our shareholders or any person asserting rights on behalf thereof for certain breaches or failures to perform any duty resulting solely from their status as directors, except in circumstances paralleling those in subparagraphs (a) through (d) outlined above.

The indemnification provided by the Wisconsin Business Corporation Law and our Restated By-laws is not exclusive of any other rights to which a director or officer may be entitled.



We may advance expenses for the defense of any action for which indemnification may be available under certain circumstances.

We maintain a liability insurance policy for our directors and officers as permitted by Wisconsin law which may extend to, among other things, liability arising under the Securities Act of 1933, as amended.

Item 16. Exhibits.

The exhibits listed in the following Exhibit Index are filed as part of this Registration Statement.

II-1

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**EXHIBIT INDEX**

**Exhibit**

<b>Number</b>	<b>Description</b>
3.1	<u>Restated Articles of Incorporation (as in effect as of August 8, 2008). [Incorporated by reference to Exhibit 3.2 to Badger Meter, Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2008 (Commission File No. 001-06706)].</u>
3.2	<u>Restated By-Laws (as amended and restated as of February 10, 2017). [Incorporated by reference to Exhibit (3.1) to Badger Meter, Inc.'s Annual Report on Form 10-K for the period ended December 31, 2016 (Commission File No. 001-06706)].</u>
4	<u>Rights Agreement, dated as of February 15, 2008, between Badger Meter, Inc. and American Stock Transfer &amp; Trust Company, LLC (formerly known as American Stock Transfer &amp; Trust Company). [Incorporated by reference to Exhibit 4.1 to Badger Meter's Current Report on Form 8-K, dated February 22, 2008 (Commission File No. 001-06706)].</u>
5	<u>Opinion of Foley &amp; Lardner LLP.</u>
23.1	<u>Consent of Ernst &amp; Young LLP.</u>
23.2	<u>Consent of Foley &amp; Lardner LLP (included in Exhibit 5 hereto).</u>
24	<u>Powers of Attorney (contained on the signature pages hereto).</u>
Item 17.	<u>Undertakings.</u>

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided, however,* that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by a Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(b) The undersigned Registrant hereby undertakes, that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such

indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Milwaukee, State of Wisconsin, on this 5<sup>th</sup> day of March, 2018.

**BADGER METER, INC.**

(the Company or the Registrant )

By: /s/ Richard A. Meeusen  
 Richard A. Meeusen  
 Chairman, President and Chief  
 Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated. Each person whose signature appears below constitutes and appoints Richard A. Meeusen, Richard E. Johnson, William R.A. Bergum, and Kenneth C. Bockhorst, and each of them individually, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Richard A. Meeusen Richard A. Meeusen	Chairman, President and Chief Executive Officer and Director (Principal Executive Officer)	March 5, 2018
/s/ Richard E. Johnson Richard E. Johnson	Senior Vice President Finance, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 5, 2018
/s/ Beverly L.P. Smiley		March 5, 2018

Beverly L.P. Smiley	Vice President    Controller (Principal Accounting Officer)	
/s/ Todd A. Adams	Director	March 5, 2018
Todd A. Adams		
/s/ Thomas J. Fischer	Director	March 5, 2018
Thomas J. Fischer		
/s/ Gale E. Klappa	Director	March 5, 2018
Gale E. Klappa		
/s/ Gail A. Lione	Director	March 5, 2018
Gail A. Lione		

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Signature	Title	Date
/s/ Andrew J. Policano	Director	March 5, 2018
Andrew J. Policano		
/s/ James F. Stern	Director	March 5, 2018
James F. Stern		
/s/ Glen E. Tellock	Director	March 5, 2018
Glen E. Tellock		
/s/ Todd J. Teske	Director	March 5, 2018
Todd J. Teske		

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