

ITRON, INC.
COMPENSATION COMMITTEE CHARTER
Revised as of August 2, 2005

PURPOSE

The purpose of the Compensation Committee is to:

- Approve and evaluate officer compensation plans, policies and programs of the Company.
- Engage or terminate any outside consultant that is retained to assist the Committee in the evaluation of Chief Executive Officer or senior executive officer compensation, including the sole authority to approve fees and other retention terms.
- Fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board.

MEMBERS / STRUCTURE

As the Committee deems appropriate, it may retain independent counsel, accounting and other professionals to assist the Committee without seeking Board approval with respect to the selection, fees or retention terms for any such advisers.

The Committee, when appropriate may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Board or Company officers.

The Committee shall be composed of three or more directors, as determined by the Board, each of whom shall (a) meet the independence requirements established by the Board and any other regulations applicable to the Committee from time to time, (b) be a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (c) be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code.

APPOINTMENT AND REMOVAL OF MEMBERS

The members of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee. The Board may remove any member from the Committee at any time with or without cause.

RESPONSIBILITIES

- 1) Develop and keep current executive compensation philosophy and establish and annually review and approve policies regarding executive compensation programs and practices and keep the Board informed of such policies.
- 2) Review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation, receive the evaluation of the CEO from the Corporate Governance Committee and report and make recommendations to the Board for the Chief Executive Officer's total annual and long-term incentive compensation based on such goals on this evaluation. In determining the long-term incentive component of Chief Executive Officer's compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Chief Executive Officer in past years.

- 3) Review the Chief Executive Officer's recommendations and establish annual compensation for the Company's other officers and inform the Board of such actions.
- 4) Establish and administer annual and long-term incentive compensation plans for senior executives.
- 5) Recommend to the Board for its approval and, where appropriate, submission to the Company's shareholders, incentive compensation plans and equity-based plans.
- 6) Recommend to the Board for its approval changes to executive compensation policies and programs.
- 7) Review and approve all special executive employment, compensation and retirement arrangements.
- 8) Annually review executive stock ownership and monitor progress toward meeting ownership guidelines.
- 9) Review and approve, after consultation with the Corporate Governance Committee, Board compensation programs and stock ownership guidelines.
- 10) Recommend to the Board for Board action, all Internal Revenue Service tax-qualified retirement plans and all plan amendments that are non-administrative in nature; fulfill ERISA fiduciary and non-fiduciary functions by approving and recommending to the Board for Board action:
 - The designation of the trustee and the execution of trust agreements for any such plan or plans;
 - The termination, merger or consolidation of any such plan or plans; and
 - The extension of plan participation to employees of affiliates or subsidiaries.
- 11) Recommend to the Board for Board action all nonqualified benefit plans and all plan amendments that are non-administrative in nature; approve and recommend to the Board for its action:
 - The designation of the trustee and the execution of trust agreements for any such plan or plans;
 - The termination, merger or consolidation of any such plan or plans; and
 - The extension of plan participation to employees of affiliates or subsidiaries.
- 12) Annually review plan administration, participation and regulatory compliance of nonqualified plans.
- 13) Review management's recommendations for other nonexecutive corporate incentive plans and annually review plan goals and results.
- 14) Provide minutes of Committee meetings to the Board and report promptly to the Board on any significant matters arising from the Committee's work, including awards for top executives and special executive employment, compensation and retirement arrangements.
- 15) Prepare the report on executive compensation required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

MEETINGS

The Committee shall establish a meeting calendar annually. The Committee may hold such other meetings as are necessary or appropriate in order for the Committee to fulfill its responsibilities. In the absence of a member designated by the Board to serve as chair, the members of the Committee may appoint from among their number a person to preside at their meetings. When appropriate, the Committee may meet in separate executive session with

management, employees, internal audit and the independent auditor to discuss matters that the Committee or the other groups believe warrant Committee attention.

EVALUATION

The Committee shall review and reassess this Charter at least annually and, if appropriate, propose changes to the Board.

The Committee shall obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations for improvement.