

**ITRON, INC. BOARD OF DIRECTORS**  
**CORPORATE GOVERNANCE GUIDING PRINCIPLES**  
Revised as of February 19, 2015

**I.**  
**CORPORATE GOVERNANCE,**  
**BOARD CHARACTER**  
**and**  
**COMPOSITION**

**Purpose of Corporate Governance.** The Company's Board of Directors believes that the purpose of corporate governance is to maximize shareholder value consistent with the law and the highest standards of integrity. These Guiding Principles will be reviewed by the Board at least every year and will be revised as necessary. These Principles will be made available online at [www.itron.com](http://www.itron.com), Investor Relations, Corporate Governance.

**Nomination of Directors.** Under the Company's Bylaws, director nominations must be made by the Board or a shareholder of record entitled to vote and in accordance with procedures set forth in the Bylaws.

**Board Composition.** As provided in the Bylaws, the Board will consist of no more than fifteen directors and no less than three directors. The Chief Executive Officer and the Chief Operating Officer may each be a director.

**Director Selection.** Candidates for the Board must possess a broad range of relevant experience, knowledge and business judgment and have demonstrated exceptional accomplishments in their professional undertakings. Board members must be able to understand the Company's financial objectives, strategies, risks, and growth opportunities, and meet the criteria set forth in the Board selection guidelines and Board Member Job Description. With assistance from the Corporate Governance Committee, the Board will identify and recommend appropriate candidates as director vacancies occur or the needs of the business change. New Board members must go through an orientation program.

**Director Commitment.** Directors must devote sufficient time to carrying out their duties and responsibilities effectively and each Independent Director is expected to serve on at least one Board committee. This commitment includes understanding the Company's responsibility to its shareholders, technology leadership, customer satisfaction, maintaining a healthy and productive work environment, retaining key employees, and preparing for Board and committee meetings. Absent exceptional circumstances, directors are expected to attend all meetings of the Board and their respective Board committees. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chair of the appropriate committee in advance of such meeting. Directors must also be available to executive management to provide advice and counsel outside of Board meetings. Directors are expected to acquire five times the amount of their cash retainer in Company stock over a period of five years. A new director would be expected to begin acquiring Company stock during their first year following their election or appointment to the Board so that the director demonstrates progress towards meeting the director stock ownership guideline.

**Director Attendance at Annual Meetings of Shareholders.** Directors are expected to attend the Company's annual meeting of shareholders.

**Other Public Company Directorships.** The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit, in general. However, the Corporate Governance Committee will consider the number of other public company boards and other boards (or comparable governing bodies) of which a director or prospective nominee is a member. Although the Company does not impose a limit on outside directorships, it does recognize the substantial time commitments attendant to Board membership and expects that the members of its Board be fully committed to devoting all such time as is necessary to fulfill their Board responsibilities, both in terms of preparation for, attendance, and participation at meetings.

**Director Independence.** Directors must exercise objective and independent judgment. It is the policy of the Board that a majority of the Board will be Independent Directors as that term is defined in the listing standards of NASDAQ and other applicable state and federal laws and regulations. Independent Directors must be free from any direct or indirect material relationship with Itron or its subsidiaries. Directors are expected to act ethically at all times and to adhere to the Company's Code of Conduct. Independent Directors meet in an executive session after Board meetings as often as possible but no less than four times annually.

**Change in Employment Status or Appointment to Another Board.** Once elected or nominated to the Board, a director must notify the Chair of the Corporate Governance Committee and the CEO of any pending or contemplated change in the director's employment. In addition, if a director nominee or sitting director wishes to accept appointment to another board of directors, the director will provide the details of such appointment to the Chair of the Corporate Governance Committee and the CEO prior to the acceptance date of the appointment. The Chair of the Corporate Governance Committee will review the prospective appointment with the other Corporate Governance Committee members, the CEO and the Company's General Counsel to determine whether 1) the new appointment or change in employment status might reasonably be expected to materially impact the director's ability to fulfill his or her responsibilities to the Itron Board, 2) the new appointment or change in employment status might actually or potentially impair or compromise the Company's business prospects, or 3) the new appointment or change in employment status would present an actual or potential conflict of interest. Each director should provide as much notice as reasonably practical to the Chair of the Corporate Governance Committee and the CEO, taking into account the confidential nature of changes in employment or appointments to other boards of directors. If the change in employment status or appointment to another board creates an issue, the director may either forego the opportunity or will be expected to submit his or her resignation to the Itron Board.

**Chairman of the Board.** The Chairman of the Board ("Chairman") will be an Independent Director unless the Board determines that the best interests of shareholders would otherwise be better served. The Chairman will be elected by the members of the Board following the annual meeting of shareholders (or at such other time as a vacancy may occur). The Chairman will serve for a term of three years (provided such director is re-elected by shareholders if his or her

term as a director does not coincide with his or her term as Chairman). The Chairman will not serve more than two consecutive terms unless the Board approves an extended term.

The Chairman will have the following duties and responsibilities:

- Preside over all meetings of the Board (including executive sessions of the Board) and meetings of the shareholders;
- Review the agendas of each Board and Committee meeting;
- Prepare agendas as needed for executive sessions of the Independent Directors;
- Perform the responsibilities of the Lead Independent Director as set forth in the Corporate Governance Guiding Principles;
- Serve as a liaison between the Independent Directors and the CEO;
- In consultation with the CEO, make recommendations to the Corporate Governance Committee as to membership of Board Committees and appointment of Board Committee Chairs; and
- Perform such other duties as the Board may require.

The Chairman may serve on Committees, but will not serve as a Committee Chair. The Corporate Governance Committee will evaluate the performance of the Chairman annually as a part of the annual Board evaluation process.

If the Board determines it is in the best interests of the shareholders to combine the offices of CEO and Chairman, the Board will appoint a Lead Independent Director with the duties set forth in these Corporate Governance Guiding Principles.

**Vice Chairman of the Board.** If appointed, the Vice Chairman of the Board (“Vice Chairman”) will be an Independent Director unless the Board determines that the best interests of shareholders would otherwise be better served. The Vice Chairman will be appointed by the members of the Board. The Vice Chairman will serve for a term to be determined by the Board (provided such director is re-elected by shareholders if his or her term as a director does not coincide with his or her term as Vice Chairman).

The Vice Chairman will have the following duties and responsibilities:

- Attend all meetings of the Board (including executive sessions of the Board) and meetings of the shareholders;
- Review the agendas of each Board and Committee meeting; assist in the preparation of agendas as needed for executive sessions of the Independent Directors;
- Serve with the Chairman as a liaison between the Independent Directors and the CEO;
- In consultation with the Chairman and the CEO, make recommendations to the Corporate Governance Committee as to membership of Board Committees and appointment of Board Committee Chairs;
- Perform all duties of the Chairman in the event the Chairman is unavailable or unable to perform his or her duties; and
- Perform such other duties as the Chairman or the Board may require.

The Vice Chairman may serve on Committees.

**Lead Independent Director.** If the Chairman of the Board of Directors is not an Independent Director, then a Lead Independent Director who is an Independent Director will be designated by the Board of Directors and will be the Chair of the Corporate Governance Committee. The Lead Director, if one is so designated, or otherwise the Chairman of the Board, will be responsible for coordinating the activities of the Independent Directors, scheduling and conducting separate meetings of the Independent Directors (executive sessions), and performing various other corporate governance duties.

**Former Chief Executive Officer and Chief Operating Officer's Board Membership.** Other than for a transition period to be determined by the Board, when a director who is also an employee of the Company no longer serves in that position, such director must immediately resign from the Board.

**Term, Retirement and Performance.** Under the Company's Bylaws, a director's term is three years. It is the policy of the Board that a director will not be nominated for a new term if upon such nomination the director would be 70 years of age or older, unless the Board determines that it would be in the best interests of the Company's shareholders to extend the director's period of eligible service. An evaluation of the effectiveness of the Board as a whole, each committee and Board member, and the Chairman of the Board or Lead Independent Director will be performed annually by the Corporate Governance Committee.

**Independent Director Compensation.** It is the general policy of the Board that Independent Director compensation will be a combination of cash and equity. The Corporate Governance Committee will periodically review director compensation policies to ensure such policies are competitive. Directors who are not Independent Directors will not receive any additional compensation for serving on the Board.

**Board Access to Management and Other Information.** The Board encourages presentations by Company managers of matters of interest to the Board and by managers who have potential that the CEO believes should be brought to the attention of the Board.

**Board Oversight of Risk.** The Board's role in overseeing Company risk is to satisfy itself, either directly or through the work of the Board Committees, that i) there are adequate risk management processes designed and implemented by Company management such that risks have been identified and are being managed, ii) the risk management processes function as intended to ensure that Company risks are taken into account in corporate decision making, and iii) the risk management system provides that material risks to the Company are brought to the attention of the Board or appropriate Committee of the Board. Each of the Company's risk management processes will be reviewed periodically (but at least once per year) by either the Board or the appropriate Committee. Committee Chairs will regularly report on Committee meetings at the meetings of the full Board.

## **II. BOARD MEETINGS and COMMITTEES**

**Full Board Meetings.** The Board will have at least four regularly scheduled meetings during each calendar year and will hold additional special meetings as may be necessary. Meetings will be scheduled in advance and generally held over the course of two days.

**Executive Sessions of Independent Directors.** The Independent Directors will meet regularly in executive session with no management directors or management present unless requested by the Chairman of the Board or Lead Independent Director. Executive session discussions may include such topics and be of such frequency as the Independent Directors deem appropriate but not less than quarterly.

**Board Committees.** In accordance with the Company's Bylaws, the Board has established Audit and Finance, Compensation, and Corporate Governance committees of the Board. Only Independent Directors will be members of these committees. Each committee will meet at least quarterly. The committees may include members who have special skills relevant to each committee. Committee membership and committee chairmanship will be rotated, as appropriate, to address the changing needs of the business and to assist individual directors in learning the business as a whole. The purpose and responsibility of such committees will be outlined in committee charters adopted by the Board and made available on-line at [www.itron.com](http://www.itron.com), Investor Relations, Corporate Governance.

**Committee Agendas.** Each committee Chair will determine the frequency, length and agenda of his or her respective committee meetings. Materials will be provided to the committee members sufficiently in advance of the meeting to allow the members to prepare for discussion of the items at the meeting.

**Board Communications and Access to Management.** Independent Directors are encouraged to contact executive management of the Company and have direct access to Company information. The Chief Executive Officer provides directors with business updates and related industry information at Board meetings and as necessary. Management is expected to provide the Board with timely and relevant information on emerging items of significance. Directors and executives are expected to ensure that there is a continual sharing of information that builds an effective understanding of the Company and enhances the Company's commitment to maximize shareholder value.

## **III. BOARD RESPONSIBILITIES**

**Selection and Evaluation of the Chief Executive Officer.** The Board will select the Company's Chief Executive Officer and the Compensation Committee will establish his or her compensation according to criteria and in a manner that it determines is in the best interests of the Company's shareholders. The Corporate Governance Committee will prepare the performance evaluation of the Chief Executive Officer. The Compensation Committee will, in consultation with the Corporate Governance Committee, perform the annual compensation

appraisal of and set annual and long-term performance goals for the Chief Executive Officer. All compensation for the Chief Executive Officer will be approved by the Board.

**Evaluation of the Chairman of the Board.** The Corporate Governance Committee will evaluate the performance of the Chairman of the Board. All compensation for the Chairman of the Board will be approved by the full Board, with the Chairman of the Board abstaining from the vote.

**Leadership Development and Succession Planning.** The Corporate Governance Committee will recommend succession plans for the Chief Executive Officer for approval by the Board and review succession plans for other executive management. The Chief Executive Officer is expected to update the Board at least annually with respect to leadership development and succession plans for executives and other key positions.

**Access to Independent Advisors.** The Board and its committees may at their discretion and for any purpose they deem necessary retain independent outside auditors and financial, legal, or other advisors, the costs and fees of which will be paid by the Company.