



The information herein is qualified in its entirety by reference to the Preliminary Prospectus Supplement relating to the security.

July 31, 2006

<b>Issuer:</b>	Itron, Inc. (NASDAQ GS: ITRI)
<b>The Security:</b>	Convertible senior subordinated notes
<b>Offering Size:</b>	\$300 million
<b>Over-allotment Option:</b>	\$45 million (15%)
<b>Maturity:</b>	August 1, 2026 (20 years)
<b>Sole Bookrunner:</b>	UBS Investment Bank
<b>Co-Managers:</b>	Canaccord Adams Inc., First Albany Capital Inc., Wells Fargo Securities, LLC
<b>Issue Price:</b>	\$1,000 principal amount (100%)
<b>Coupon:</b>	2.50% coupon, payable semi-annually in arrears on August 1 and February 1 each year, beginning on February 1, 2007
<b>Conversion Premium:</b>	40%
<b>Initial Conversion Rate:</b>	15.3478
<b>Initial Conversion Price:</b>	Approximately \$65.16, priced off the closing price of \$46.54 on Monday, July 31, 2006
<b>Convertible into:</b>	Cash and common stock of Itron (see "Payment Upon Conversion" below)
<b>Call Protection:</b>	Callable after August 1, 2011 at par
<b>Investor Put Option:</b>	On August 1, 2011 (5 years), August 1, 2016 (10 years), August 1, 2021 (15 years), payable in cash
<b>Conversion Rights:</b>	<ul style="list-style-type: none"> <li>(i) During any calendar quarter after the calendar quarter ending September 30, 2006, if the closing sale price of Itron's common stock, for each of 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter, exceeds 120% of the conversion price</li> <li>(ii) During the five consecutive business days immediately after any five consecutive trading day period in which the average trading price per \$1,000 principal amount of notes, was equal to or less than 98% of the average conversion value of the notes</li> <li>(iii) If the notes have been called for redemption by the issuer</li> <li>(iv) Upon specified corporate transactions</li> <li>(v) Any time from and including July 1, 2011 to, and including August 1, 2011 and at any time on or after August 1, 2024</li> </ul>
<b>Payment Upon Conversion:</b>	<p>Upon conversion, holders will receive, per \$1,000 principal amount being converted, a "settlement amount" that is equal to the sum of the "daily settlement amounts" for each of the 20 trading days during the "cash settlement averaging period". The "cash settlement averaging period" with respect to any note means the 20 consecutive trading days beginning on, and including, the second trading day following the conversion date.</p> <p>The "daily settlement amount," for each of the 20 trading days during the cash settlement averaging period, consists of (a) cash equal to the lesser of \$50 and the "daily conversion value"; and (b) to the extent the daily conversion value exceeds \$50, a number of whole shares equal to the excess of the daily conversion value over \$50, divided by the closing sale price of Itron common stock on that trading day, subject to Itron's right to deliver cash in lieu of all or a portion of such shares.</p> <p>The "daily conversion value" on a given trading day means 1/20 of the product of the applicable conversion rate and the closing sale price of Itron common stock on that trading day</p>
<b>Contingent Interest:</b>	Contingent interest will accrue on the notes during each six-month period from and including an interest payment date to, but excluding, the next interest payment date, commencing with the six month period beginning August 1, 2011, if the average trading price of the notes for the five consecutive trading day period preceding the first day of such six month period equals 120% or more of the principal amount of the notes. The rate of contingent interest payable in respect of any such six-month interest period will equal 0.19% (0.38% payable semi-annually) of the average trading price of the notes over the measurement period that triggered the contingent interest payment.
<b>Comparable Yield:</b>	7.375%
<b>Dividend Protection:</b>	Customary dilution protection—Conversion rate adjustment upon any cash distributions, tender offers or exchange offers to holders of Itron common stock
<b>Conversion Rate Adjustment Upon a Make-Whole Fundamental Change:</b>	<p>If a make-whole fundamental change occurs and a holder elects to convert its notes in connection with such a fundamental change, Itron will increase the applicable conversion rate for the notes surrendered for conversion by a number of additional shares of Itron common stock (the "make-whole shares"). However, in the case of a public acquirer fundamental change, Itron may, in lieu of increasing the conversion rate, elect to adjust the conversion rate to reflect the exchange ratio for the transaction, in which case the securities will become convertible into shares of the public acquirer's common stock. If the transaction provides the holders of Itron common stock with the right to receive more than a single type of consideration determined based in part upon any form of stockholder election, the holders of the notes, each treated as a single class, will be given a reasonable opportunity to elect the form of such consideration.</p> <p>The following table sets forth the number of additional shares per \$1,000 principal amount of notes that will be added to the conversion rate of the notes. The applicable prices set forth in the first column of the table below, and the number of additional shares, are subject to adjustment as described in the Preliminary Prospectus Supplement relating to the security.</p>

	Effective Date					
Applicable Price	August 1, 2006	August 1, 2007	August 1, 2008	August 1, 2009	August 1, 2010	August 1, 2011

