

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

April 26, 2005

Date of Report (Date of Earliest Event Reported)

ITRON, INC.

(Exact Name of Registrant as Specified in its Charter)

Washington

000-22418

91-1011792

(State or Other Jurisdiction
of Incorporation)

(Commission File No.)

(IRS Employer
Identification No.)

2818 N. Sullivan Road, Spokane, WA 99216

(Address of Principal Executive Offices, Zip Code)

(509) 924-9900

(Registrant's Telephone Number, Including Area Code)

None

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On April 26, 2005, Itron, Inc. issued a press release announcing the financial results for the first quarter ending March 31, 2005. A copy of this press release and accompanying financial statements are attached as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description
----- 99.1	----- Press Release dated April 26, 2005.

The information presented in this Current Report on Form 8-K may contain forward-looking statements and certain assumptions upon which such forward-looking statements are in part based. Numerous important factors, including those factors identified in Itron, Inc.'s Annual Report on Form 10-K and other of the Company's filings with the Securities and Exchange Commission, and the fact that the assumptions set forth in this Current Report on Form 8-K could prove incorrect, could cause actual results to differ materially from those contained in such forward-looking statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

ITRON, INC.

Dated: April 26, 2005

By: /s/ STEVEN M. HELMBRECHT

Steven M. Helmbrecht
Sr. Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release dated April 26, 2005.

Itron Reports Strong First Quarter 2005 Financial Results; GAAP EPS of 4 Cents and Pro Forma EPS of 32 Cents on Revenues of \$116.5 Million

SPOKANE, Wash.--(BUSINESS WIRE)--April 26, 2005--Itron, Inc. (NASDAQ:ITRI), today reported its financial results for the quarter ended March 31, 2005. Revenues were \$116.5 million for the quarter, compared with \$65.6 million in the first quarter of 2004. The majority of the increase results from the Electricity Metering acquisition completed July 1, 2004.

- We shipped approximately 935,000 automatic meter reading (AMR) modules in the first quarter of 2005 compared with 820,000 in the first quarter of 2004. In addition, we shipped approximately 375,000 electricity meters with embedded Itron AMR in the first quarter of 2005. Prior to the Electricity Metering acquisition on July 1, 2004, revenues from shipments of electricity meters with our AMR embedded were in the form of royalties only.
- Electricity Metering revenues, which include electricity meters with embedded AMR, were \$54.1 million in the first quarter of 2005.
- Meter Data Collection (MDC) revenues in the quarter were \$49.7 million compared with \$54.7 million in the first quarter of 2004. The lower 2005 revenues result primarily from lower average selling prices for standalone electric AMR modules and lower royalty revenues.
- Software Solutions revenues were \$12.7 million in the quarter, up from \$10.9 million in the first quarter of last year.

On a GAAP basis, net income was \$817,000, or 4 cents per diluted share for the quarter, compared with a net loss in the first quarter of 2004 of \$738,000, or 4 cents per diluted share. Pro forma net income for the quarter was \$7.3 million, or 32 cents per diluted share, compared with \$2.2 million, or 10 cents per diluted share in the first quarter of 2004. Pro forma earnings exclude the amortization of intangible assets and debt placement fees, restructurings and non-cash stock compensation. A schedule reconciling GAAP income and EPS to pro forma income and EPS is attached to this release.

New order bookings were \$117 million for the quarter compared with \$66 million in the first quarter of last year, and \$128 million in the fourth quarter of 2004. Twelve-month backlog, which represents the portion of backlog that will be earned over the next twelve months, was \$116 million at March 31, 2005, compared with \$79 million a year ago and \$97 million at December 31, 2004. Total backlog was \$190 million compared with \$155 million a year ago and \$179 million at December 31, 2004.

"We are off to a great start in 2005," said LeRoy Nosbaum, chairman and CEO. "AMR projects are moving forward at a number of utilities this year and we are very pleased with the flow of orders so far. The addition of electricity metering and our actions to streamline operations last year resulted in solid operating margins during the quarter."

Gross margin was 44% during the quarter compared with 46% in the first quarter of last year and 42% in the fourth quarter of 2004.

- Meter Data Collection segment gross margin of 42% in the first quarter of 2005 reflects a decline of 7 points from MDC gross margin in the first quarter of 2004, and is primarily attributable to lower average selling prices for separate electric AMR modules and lower royalty revenues.
- Software Solutions gross margins improved from 29% in the first quarter of 2004 to 45% in the first quarter of 2005 due to better utilization of professional services staffing as a result of workforce reductions during 2004, along with higher maintenance revenue due to a larger installed base.
- Electricity Metering gross margin of 45% for the quarter was approximately 5 points higher than in the previous quarter due to higher volumes, product mix changes and the phasing out of low margin manufacturing support services as of December 31, 2004.

Sales and marketing, product development and general and administrative expenses were \$35.1 million for the quarter, compared with \$26.5 million in the first quarter last year. However, as a

percentage of revenues, those expenses were 30% of revenues for the quarter compared with 40% in the first quarter of last year. The improved operating leverage in 2005 reflects the lower level of spending required for Electricity Metering marketing and product development due to its more narrowly focused product line, as well as operating efficiencies and cost savings from headcount reductions in 2004.

Intangible asset amortization expenses were \$9.7 million in the first quarter of 2005 compared with \$2.0 million in the first quarter of 2004. Interest expense was \$4.6 million for the quarter compared with \$754,000 in the first quarter of last year. Increases in both are attributable to our Electricity Metering acquisition.

Operating activities generated \$24.9 million in cash during the quarter compared with \$14.0 million in the first quarter of 2004. We made a total of \$20.0 million of optional repayments during the first quarter of 2005 on our senior credit facility term loan, bringing the balance to \$129.6 million at March 31, 2005. Total debt was \$257.6 million at March 31, 2005 compared with \$278.2 million at December 31, 2004.

On April 19, 2005, we completed two amendments to our senior secured credit facility. Those amendments resulted in a 50 basis point reduction in the term loan interest rate, an increase to our maximum consolidated leverage and consolidated senior debt ratios, and increases in our letter of credit limit and our revolver commitment. On April 25, 2005, we made another optional repayment of \$5.0 million on the term loan.

Business Outlook:

Our outlook for 2005 does not include any impact related to the expensing of stock options. We expect to implement FASB's Statement 123R, which requires the expensing of stock options and ESPP shares issued at a discount, in 2006. Expensing of stock options will decrease gross margin, increase operating expenses and influence our effective tax rate.

"Prospects for large new meter/AMR projects are indeed encouraging," said Nosbaum. "However, orders on a number of projects that have been publicly talked about by customers have not yet been placed. As such, the upward revision to our outlook for 2005 is primarily based on our stronger than expected first quarter results."

For the full year 2005, we expect:

- Revenues to be between \$510 and \$520 million (previous guidance was \$505 to \$515 million).
- Pro forma diluted earnings per share between \$1.50 and \$1.55 (previous guidance was \$1.40 to \$1.45).
- Operating cash flow between \$75 and \$85 million (previous guidance was \$70 to \$80 million).

Use of Non-GAAP Financial Information:

To supplement our consolidated financial statements presented in accordance with GAAP, we use certain non-GAAP measures, including pro forma earnings and EPS and EBITDA. Pro forma earnings and EPS are adjusted from GAAP-based results to exclude certain costs and expenses that we believe are not indicative of our core operating results. Pro forma results are one of the primary indicators management uses for evaluating historical results and for planning and forecasting future periods. We believe pro forma results provide consistency in our financial reporting which enhances our investor's understanding of our current financial performance as well as our future prospects. Pro forma results along with EBITDA measures should be viewed in addition to, and not in lieu of, GAAP results.

Earnings Conference Call:

Itron will host a conference call to discuss the financial results contained in this release at 1:45 p.m. PST on April 26, 2005. The call will be webcast in a listen-only mode by Thomson/CCBN and can be accessed online at www.itron.com, "About Itron - Investor Events." Investors may also listen to the live call through Thomson's StreetEvents Network at www.fulldisclosure.com or www.streetevents.com. The live webcast will begin at 1:45 p.m. (PST) and webcast replays will begin shortly after the conclusion of the live call and will be available for two weeks. A telephone replay of the call will also be available approximately one hour after the conclusion of the live call, for 48 hours, and is accessible by dialing (888) 203-1112 (Domestic) or (719) 457-0820 (International)

and entering passcode #3013943.

Forward-Looking Statements:

This release contains forward-looking statements concerning Itron's operations, financial performance, sales, earnings and cash flow. These statements reflect our current plans and expectations and are based on information currently available. They rely on a number of assumptions and estimates, which could be inaccurate, and which are subject to risks and uncertainties that could cause our actual results to vary materially from those anticipated. Risks and uncertainties include the rate and timing of customer demand for the Company's products, rescheduling of current customer orders, changes in estimated liabilities for product warranties, changes in laws and regulations, and other factors which are more fully described in our Annual Report on Form 10-K for the year ended December 31, 2004 on file with the Securities and Exchange Commission. Itron undertakes no obligation to update publicly or revise any forward-looking statements.

About Itron:

Itron is a leading technology provider and critical source of knowledge to the global energy and water industries. More than 2,800 utilities worldwide rely on Itron technology to deliver the knowledge they require to optimize the delivery and use of energy and water. Itron delivers value to its clients by providing industry-leading solutions for electricity metering, meter data collection, energy information management, demand side management and response, load forecasting, analysis and consulting services, distribution system design and optimization, Web-based workforce automation, commercial and industrial customer care and residential energy management. To know more, start here: www.itron.com.

Statements of operations, reconciliation between GAAP and pro forma income and EPS, reconciliation of GAAP net income to EBITDA, segment information and balance sheets follow.

ITRON, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended March 31,	
	2005	2004
Revenues		
Sales	\$104,202	\$55,016
Service	12,268	10,586
Total revenues	116,470	65,602
Cost of revenues		
Sales	59,199	29,607
Service	6,273	6,123
Total cost of revenues	65,472	35,730
Gross profit	50,998	29,872
Operating expenses		
Sales and marketing	13,239	9,654
Product development	11,914	10,222
General and administrative	9,966	6,626
Amortization of intangibles	9,716	2,027
Restructurings	390	2,382
Total operating expenses	45,225	30,911
Operating income (loss)	5,773	(1,039)
Other income (expense)		
Interest income	4	17
Interest expense	(4,567)	(754)
Other income (expense), net	101	266
Total other income (expense)	(4,462)	(471)
Income (loss) before income taxes	1,311	(1,510)

Income tax (provision) benefit	(494)	772
Net income (loss)	\$817	\$(738)
Earnings per share		
Basic net income (loss) per share	\$0.04	\$(0.04)
Diluted net income (loss) per share	\$0.04	\$(0.04)
Weighted average number of shares outstanding		
Basic	21,451	20,656
Diluted	22,737	20,656

ITRON, INC.
RECONCILIATION BETWEEN GAAP NET INCOME (LOSS) AND PRO FORMA INCOME
AND EPS

(Unaudited, in thousands, except per share data)

	Three Months Ended March 31,	
	2005	2004
PRO FORMA NET INCOME		
GAAP basis income (loss) before income taxes	\$1,311	\$(1,510)
Adjustments to GAAP basis income (loss) before income taxes		
Amortization of intangibles	9,716	2,027
Amortization of debt placement fees	676	191
Restructurings	390	2,382
Non-cash stock compensation	73	-
Total adjustments	10,855	4,600
Adjusted income before income taxes	12,166	3,090
Income tax provision	(4,832)	(922)
Pro forma net income	\$7,334	\$2,168
PRO FORMA EARNINGS PER SHARE		
Basic		
Weighted average number of basic shares outstanding	21,451	20,656
Basic pro forma net income per share	\$0.34	\$0.10
Diluted		
Weighted average number of basic shares outstanding	21,451	20,656
Employee stock option shares	1,286	1,184
Weighted average number of diluted shares outstanding	22,737	21,840
Pro forma net income	\$7,334	\$2,168
Diluted pro forma net income per share	\$0.32	\$0.10

ITRON, INC.
RECONCILIATION BETWEEN GAAP NET INCOME (LOSS) AND EBITDA

(Unaudited, in thousands)

	Three Months Ended March 31,	
	2005	2004
GAAP basis net income (loss)	\$817	\$(738)
Adjustments to GAAP basis net income (loss)		
Interest income	(4)	(17)
Interest expense	4,567	754
Income tax provision (benefit)	494	(772)
Depreciation and amortization	12,980	4,440

Total adjustments	18,037	4,405
EBITDA	\$18,854	\$3,667
	=====	=====

ITRON, INC.
SEGMENT INFORMATION

(Unaudited, in thousands)

	Three Months Ended March 31,	
	2005	2004

Revenues		
Hardware Solutions		
Meter Data Collection	\$49,676	\$54,746
Electricity Metering	54,106	-
	-----	-----
Total Hardware Solutions	103,782	54,746
Software Solutions	12,688	10,856
	-----	-----
Total Company	\$116,470	\$65,602
	=====	=====
Gross profit		
Hardware Solutions		
Meter Data Collection	\$21,044	\$26,777
Electricity Metering	24,277	-
	-----	-----
Total Hardware Solutions	45,321	26,777
Software Solutions	5,677	3,095
	-----	-----
Total Company	\$50,998	\$29,872
	=====	=====
Operating income (loss)		
Hardware Solutions		
Meter Data Collection	\$16,028	\$21,774
Electricity Metering	19,889	-
Other unallocated costs	(6,021)	(3,349)
	-----	-----
Total Hardware Solutions	29,896	18,425
Software Solutions	(2,652)	(6,974)
Corporate unallocated	(21,471)	(12,490)
	-----	-----
Total Company	\$5,773	\$(1,039)
	=====	=====

ITRON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands)

	March 31,	December 31,
	2005	2004

ASSETS		
Current assets		
Cash and cash equivalents	\$15,628	\$11,624
Accounts receivable, net	73,885	90,097
Inventories	42,821	45,459
Deferred income taxes, net	19,416	22,733
Other	9,992	5,477
	-----	-----
Total current assets	161,742	175,390
Property, plant and equipment, net	54,821	59,690
Intangible assets, net	152,420	162,137
Goodwill	115,671	117,471
Deferred income taxes, net	32,194	27,252
Other	15,257	15,211
	-----	-----
Total assets	\$532,105	\$557,151
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued expenses	\$32,408	\$37,439
Wages and benefits payable	15,642	13,947
Current portion of debt	2,108	35,647
Current portion of warranty	6,430	7,243

Unearned revenue	19,851	22,991
	-----	-----
Total current liabilities	76,439	117,267
Long-term debt	252,474	239,361
Project financing debt	3,018	3,227
Warranty	4,857	6,331
Other obligations	6,445	6,535
	-----	-----
Total liabilities	343,233	372,721
Shareholders' equity		
Preferred stock	-	-
Common stock	215,811	211,920
Accumulated other comprehensive income	688	954
Accumulated deficit	(27,627)	(28,444)
	-----	-----
Total shareholders' equity	188,872	184,430
	-----	-----
Total liabilities and shareholders' equity	\$532,105	\$557,151
	=====	=====

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