SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): MARCH 1, 2002

ITRON, INC.

(Exact name of registrant as specified in its charter)

WASHINGTON

(State or Other Jurisdiction of Incorporation)

000-22418

(Commission File Number)

91-1011792

(IRS Employer Identification No.)

2818 NORTH SULLIVAN ROAD
SPOKANE, WASHINGTON 99216-1897

(Address of Principal Executive Offices)
(Zip Code)

Registrant's telephone number, including area code: (509) 924-9900

N/A

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

The registrant hereby amends its Current Report on Form 8-K dated March 1, 2002 as follows:

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS. The following items are attached as exhibits hereto:

(a) Financial statements of business acquired

The financial statements of LineSoft Corporation ("LineSoft") required to be filed pursuant to Item 7(a) of Form 8-K are included as Exhibit 99.2 of this Current Report on Form 8-K/A.

(b) Pro forma financial information

The pro forma financial information required to be filed pursuant to Item 7(b) of Form 8-K is included as Exhibit 99.3 of this Current Report on Form 8-K/A.

(c) Exhibits

Exhibit 2.1*	Agreement and Plan of Reorganization, dated February 14, 2002 and as amended effective February 26, 2002, by and among Itron, Inc., LS Combination, Inc., and LineSoft Corporation.
Exhibit 4.1*	Support Agreement, dated February 14, 2002, between Itron, Inc. and Fred A. Brown.
Exhibit 4.2*	Support Agreement, dated February 14, 2002, between Itron, Inc. and OCM/GFI Power Opportunities Fund L.P.
Exhibit 99.1*	Press release of Itron, Inc., dated February 15, 2002.
Exhibit 99.2	Financial statements of LineSoft Corporation, including balance sheets as of December 31, 2001 and statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2001.
Exhibit 99.3	Unaudited pro forma condensed consolidated balance sheet of the Registrant and LineSoft as of December 31, 2001 and unaudited pro forma consolidated statements of operations of the Registrant and LineSoft for the year ended December 31, 2001.
Exhibit 99.4	Independent Auditors' Consent

* Previously filed as an Exhibit to the original Form 8-K filed on March 1, 2002.

SIGNATURES

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, thereunto duly authorized, in the City of Spokane, State of Washington, on the 30th day of April 2002.

ITRON, INC.

By /s/ David G. Remington

DAVID G. REMINGTON
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Exhibit 99.2

LINESOFT CORPORATION

- --

FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2001, AND
INDEPENDENT AUDITORS' REPORT

DELOITTE & TOUCHE LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
LineSoft Corporation
Spokane, Washington

We have audited the accompanying balance sheet of LineSoft Corporation (the Company) as of December 31, 2001, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

April 26, 2002
Seattle, Washington

LINESOFT CORPORATION

BALANCE SHEET
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 112,589
Accounts receivable - Billed, net	3,443,251
Accounts receivable - Unbilled	1,220,678
Prepaid expenses and other current assets	630,123
Total current assets	5,406,641
FIXED ASSETS, net	2,076,376
OTHER ASSETS	439,684
NOTE RECEIVABLE - Related party	2,000,000
TOTAL	$ 9,922,701

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable	$ 466,933
Accrued expenses	478,871
Accrued payroll and bonus	1,164,886
Line of credit	902,632
Note payable - Related party	1,021,600
Deferred revenue	2,106,986
Total current liabilities	6,141,908
DEFERRED REVENUE	573,339
COMMITMENTS (Note 10)	
STOCKHOLDERS' EQUITY:	
Common stock, no par value - Authorized, 200,000,000 shares; issued and outstanding, 24,495,419 shares	23,351,924
Accumulated deficit	(20,144,470)
Total stockholders' equity	3,207,454
TOTAL	$ 9,922,701

See notes to financial statements.

LINESOFT CORPORATION

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2001

REVENUE:	
Sales	$ 2,315,450
Service	11,943,577
Total revenue	14,259,027
COST OF REVENUE:	
Sales	646,692
Service (including stock-based compensation of $35,263)	11,538,898
Total cost of revenue	12,185,590
Gross profit	2,073,437
OPERATING EXPENSES:	
General and administrative (including stock-based compensation of $155,157)	3,430,106
Sales and marketing (including stock-based compensation of $88,158)	4,097,193
Research and development (including stock-based compensation of $3,526)	2,971,030
Total operating expenses	10,498,329
LOSS FROM OPERATIONS	(8,424,892)
OTHER INCOME (EXPENSE):	
Interest income	26,702
Other expense	(20,091)
Total other income	6,611
NET LOSS	$ (8,418,281)

See notes to financial statements.

LINESOFT CORPORATION

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2001

	Common stock			
	Shares	Amount	Accumulated deficit	Total stockholders' equity
BALANCE, January 1, 2001	21,841,585	$22,671,224	$(11,726,189)	$10,945,035
Issuance of common stock (Note 8)	2,654,980			
Common stock cancelled (Note 8)	(61,447)			
Stock-based compensation:				
Issuance and repricing of options		282,104		282,104
Issuance of stock warrant		394,978		394,978
Exercise of stock options	60,301	3,618		3,618
Net loss			(8,418,281)	(8,418,281)
BALANCE, December 31, 2001	24,495,419	$23,351,924	$(20,144,470)	$ 3,207,454

See notes to financial statements.

LINESOFT CORPORATION

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001

OPERATING ACTIVITIES:	
Net loss	$ (8,418,281)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization	929,752
Warrant issued to officer	394,978
Noncash stock-based compensation	282,104
Cash provided (used) by changes in operating assets and liabilities:	
Accounts receivable	302,764
Prepaid expenses and other current assets	(530,484)
Other assets	689,177
Accounts payable	(205,179)
Accrued expenses, payroll and bonus	(1,005,877)
Deferred revenue and other noncurrent liabilities	1,418,004
Net cash used by operating activities	(6,143,042)
INVESTING ACTIVITIES:	
Purchase of fixed assets	(825,651)
Proceeds from the sale of equipment	(2,572)
Net cash used by investing activities	(828,223)
FINANCING ACTIVITIES:	
Net borrowings under line of credit	902,632
Issuance of note payable - Related party	850,000
Proceeds from exercise of stock options	3,618
Net cash provided by financing activities	1,756,250
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,215,015)
CASH AND CASH EQUIVALENTS:	
Beginning of year	5,327,604
End of year	$ 112,589
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 128,693

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS: LineSoft Corporation (the Company) was incorporated on April 12, 1994, in the state of Washington. The Company's products and services help electric utilities' transmission and distribution businesses (T&D) transform and position themselves for the marketplace, which is fueled by deregulation. This transformational expertise is available to customers through software, engineering consulting, joint use consulting, and software consulting. The Company was sold to Itron, Inc. (Itron) on March 12, 2002 (Note 14).

CONCENTRATION OF CREDIT RISK AND CERTAIN BUSINESS RISKS: The Company is subject to certain business risks that could affect future operations and financial performance. These risks include changes in technology and related delivery of products, increased competition, and a customer base limited to electric utilities. Additionally, the Company's revenues for the year ended December 31, 2001, include 62% of revenue from three major customers. Accounts receivable as of December 31, 2001, includes 37% of accounts receivable from these major customers.

USE OF ESTIMATES: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Because of various factors affecting future costs and operations, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS: The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Company maintains its cash in interest-bearing and noninterest-bearing cash accounts and money market funds. The Company's money market accounts are carried at cost, which approximates fair market value.

ACCOUNTS RECEIVABLE: Accounts receivable billed is composed of amounts contractually due for software license or services revenue. Accounts receivable unbilled represents the excess of revenue recognized on license and service contracts over the billings to customers pursuant to the terms of the related contracts. The allowance for doubtful accounts as of December 31, 2001, is $6,005.

FIXED ASSETS: Fixed assets are stated at cost. Depreciation and amortization are computed on a straight-line basis, using estimated lives ranging from three to seven years. Leasehold improvements are amortized over the shorter of the remaining useful lives of the respective leases or the remaining useful lives of the improvements. Expenditures for maintenance and repairs are charged to expense as incurred.

VALUATION OF LONG-LIVED ASSETS: The Company periodically evaluates the carrying value of its long-lived assets, including, but not limited to, fixed assets and other long-term assets. The carrying value of a long-lived asset is considered impaired when the undiscounted net cash flows from such asset is estimated to be less than its carrying value. Management has identified an impairment related to a long-lived asset (Note 7).

CAPITALIZED SOFTWARE DEVELOPMENT COSTS: Financial accounting standards require the capitalization of certain software development costs after technological feasibility of the software is established. Due to the relatively short period between the technological feasibility of a product and completion of product development and the insignificance of related costs incurred during this period, no software development costs were capitalized.

OTHER ASSETS: Other assets primarily consists of royalty buy-outs related to funded software development (Note 7).

DEFERRED REVENUE: Deferred revenue consists of prepayments and advance billings for license, service, and ongoing post-contract customer support (PCS).

REVENUE RECOGNITION:

License fees: Fees from licenses are recognized as revenue upon shipment, provided fees are fixed and determinable, collection is probable, and vendor-specific evidence exists to determine the value of any undelivered elements of the arrangement. Fees from licenses sold together with consulting services are generally recognized upon shipment provided that the above criteria have been met, payment of the license fees is not dependent upon the performance of the consulting services, and the consulting services are not essential to the functionality of the license's software. In instances where the aforementioned criterion have not been met, both the license and consulting fees are recognized under the percentage of completion method of contract accounting. These revenues are included in sales in the accompanying statement of operations.

PCS agreements: PCS agreements generally call for the Company to provide technical support and unspecified software updates to customers. Revenue on these agreements is recognized ratably over the term of the agreement and is included in services revenue in the accompanying statement of operations.

Consulting services: The Company provides consulting services to its customers. Revenue from such services is generally recognized as services are performed. These revenues are included in services in the accompanying statement of operations.

In December 1999, Staff Accounting Bulletin (SAB) 101, Revenue Recognition in Financial Statements, was issued. SAB 101 summarized the Securities and Exchange Commission staff's views in applying accounting principles generally accepted in the United States of America for revenue recognition in the financial statements. The Company implemented SAB 101 in 2000. This adoption did not have a material impact on the Company's revenue recognition.

RESEARCH AND DEVELOPMENT EXPENSE: Research and development costs are expensed as incurred.

FAIR VALUE OF FINANCIAL INSTRUMENTS: The carrying amounts for cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and debt approximate fair value based on the liquidity of these financial instruments or based on borrowing rates currently available to the Company.

STOCK-BASED COMPENSATION: The Company accounts for stock-based awards to employees using the intrinsic value method in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and to nonemployees using the fair value-based method in accordance with Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation.

INCOME TAXES: The Company accounts for income taxes under SFAS No. 109, Accounting for Income Taxes. Under SFAS No. 109, deferred tax assets, including net operating losses and liabilities, are determined based on temporary differences between the book and tax bases of assets and liabilities based on tax rates expected to be in effect when the temporary differences reverse.

RECENT ACCOUNTING PRONOUNCEMENTS: In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133, and SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities. The Company adopted SFAS No. 133, as amended, which requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value on January 1, 2001. Adoption of this statement had no effect on the financial position or results of operations of the Company.

In June 2001, the FASB issued SFAS No. 141, Business Combinations, which applies to business combinations initiated after June 30, 2001. This statement requires that business combinations be accounted for using the purchase method; the use of the pooling-of-interests method is no longer permitted. The purchase method of accounting requires the measurement of goodwill as the excess of the cost of an acquired entity over the estimated fair value of net amounts assigned to assets acquired and liabilities assumed. This statement also addresses the financial statement disclosure requirements for business combinations. The adoption of this statement had no impact on the Company's financial condition or results of operations.

In June 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 is effective for the Company's fiscal year that began on January 1, 2002, and is applicable to all goodwill and other intangible assets recognized in an entity's statement of financial position, regardless of when those assets were initially recognized. SFAS No. 142 requires the use of a nonamortization approach to account for purchased goodwill and intangibles with indefinite useful lives. Under a nonamortization approach, goodwill and intangibles with indefinite useful lives will not be amortized into results of operations but instead will be reviewed for impairment, written down, and charged to results of operations only in the periods in which it is determined that the recorded values of such assets are more than their fair values. The adoption of this statement will not have a material impact on the Company's financial condition or results of operations.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business. SFAS No. 144 establishes a single accounting model, based on the framework established in SFAS No. 121, for long-lived assets to be disposed of by sale. SFAS No. 144 retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale. SFAS No. 144 is effective for the Company's fiscal year that began on January 1, 2002. The adoption of this statement will not have a material impact on the Company's financial condition or results of operations.

NOTE 2: FIXED ASSETS

Fixed assets as of December 31, 2001, consists of the following:

Furniture and equipment	$ 1,021,076
Computer equipment and software	2,488,981
Leasehold improvements	168,552
Other	53,596
	3,732,205
Less accumulated depreciation and amortization	(1,655,829)
	$ 2,076,376

Substantially all of the fixed assets of the Company have been pledged as collateral (Note 4).

NOTE 3: NOTE RECEIVABLE-RELATED PARTY

On May 11, 2000, the Company entered into a $2,000,000 nonrecourse note receivable agreement with a majority stockholder and officer of the Company. The note accrues interest at 6.42% per annum, payable annually. Principal and any accrued and unpaid interest is due at the earlier of May 11, 2003, or the date that is six months following the occurrence of an initial public offering. The note is secured by a stock pledge agreement for 1,229,020 shares of the Company's common stock. Interest income related to this note was $128,400 for the year ended December 31, 2001. In conjunction with the acquisition of the Company by Itron (Note 14), this note was replaced with a promissory note to be paid to Itron, with interest at 6.0% per annum, and secured by 120,000 shares of Itron common stock. The maturity date was not changed.

NOTE 4: LINE OF CREDIT

On July 12, 2001, the Company entered into a $2,000,000 revolving line-of-credit agreement with a financial institution, with an original maturity date of October 12, 2001. At maturity, the line of credit was renewed and extended the maturity date to May 1, 2002. Interest is payable monthly at the Washington Trust Bank's (WTB) Index Rate plus 1.0%, fully floating, and was 5.75% at December 31, 2001. The note was collateralized by a first lien on accounts receivable, inventory, equipment, and general intangibles. Beginning November 2001, the line of credit was guaranteed by a major stockholder and officer, who received, as consideration for the guarantee, a fully vested warrant valued at $394,978 to purchase 475,000 shares of the Company (Note 8). The fair value is being amortized to interest expense over the remaining life of the line of credit. The line of credit was paid in full in conjunction with the acquisition of the Company (Note 14).

NOTE 5: NOTE PAYABLE-RELATED PARTY

On December 21, 2000, the Company entered into a promissory note for $171,600 with a stockholder and officer of the Company, with interest payable at 7% per annum. The note plus accrued interest was originally due on or before June 30, 2001. The note was amended during 2001, and the Company borrowed an additional $850,000 and revised the interest rate to WTB Index Rate plus 4.5%. The interest rate was 9.25% at December 31, 2001. Commencing January 2, 2002, monthly interest payments are required. The note is payable in one payment of outstanding unpaid principal plus interest on or before the earlier of December 31, 2002, or the occurrence of an exit event. Interest expense related to this note was $59,716 for the year ended December 31, 2001. The note payable was paid in full in conjunction with the acquisition of the Company (Note 14).

NOTE 6: INCOME TAXES

The Company incurred a loss for both financial reporting and tax return purposes for the year ended December 31, 2001, and as such, there was no current or deferred tax provision. The following table reconciles the federal statutory income tax rate to the Company's effective tax rate.

Federal income tax rate	(34.00)%
Meals and entertainment	0.81
Acquisition costs	0.00
Other	(1.60)
Effect of valuation allowance on deferred tax assets	34.79
Effective income tax rate	0.00 %

The Company's total deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for federal income tax purposes. The Company's net deferred tax assets at December 31, 2001, are as follows:

Assets:	
Net operating loss carryforward	$ 4,849,000
Accrued payroll and bonus	154,000
Deferred revenue	190,000
Stock-based compensation	155,000
Research and development	279,000
Other	161,000
Total deferred tax assets	5,788,000
Liabilities:	
Cash to accrual liability	47,000
Net deferred tax asset	5,741,000
Less valuation allowance	(5,741,000)
Total	$ -

The Company's net operating loss carryforwards of approximately $14,240,000 expire in the years 2020 through 2022. Current tax laws impose substantial restrictions on the utilization of net operating loss and credit carryforwards in the event of an ownership change, as defined by the Internal Revenue Code. Such an event may limit the Company's ability to utilize its net operating losses and credits. At December 31, 2001, the deferred tax assets have been fully reserved due to the uncertainty surrounding the realization of such benefits.

The net change in the valuation allowance for the year ended December 31, 2001, was $3,331,000.

NOTE 7: FUNDED SOFTWARE DEVELOPMENT

The Company has two significant funded software development arrangements. In exchange for this funding, the Company was subject to royalty provisions equal to 18% and 15%, respectively, for all sales of the related software product to third parties, limited by the amount of funding received. In December 2000, the Company repurchased the royalty provisions of one contract for $650,000 and repurchased the royalty provisions for the other contract (for the first $4 million in sales) for $452,500. The royalty buy-outs are included in other current assets and other assets and are amortized over the estimated related product life of five years, for the first contract, and as revenues are recognized for the second contract. The Company has determined that the prepaid royalty of $452,500 was fully impaired as of December 31, 2001, as no future sales of the related software are anticipated.

NOTE 8: STOCKHOLDERS' EQUITY

ISSUANCE OF COMMON STOCK: On May 11, 2000, the Company issued 5,714,920 shares of common stock for $18,599,891. In conjunction with this transaction, certain shareholders of the Company also sold 2,273,720 shares of fully vested common stock to the same investor for $7,400,094. Depending on whether the Company met or exceeded a certain revenue target for the twelve-month period ended March 31, 2001, the number of shares issued to the investor would be proportionately adjusted by the Company and the selling shareholders. In June 2001, the Company and the investor reached an agreement as to the final number of shares of common stock that the investor would receive in consideration for its investment. Accordingly, the investor received 3,412,880 additional shares of common stock: 2,654,973 shares from the Company and 757,907 from certain shareholders of the Company.

In addition, on May 11, 2000, the Company issued a warrant to the investor to purchase, at $.0005 per share, the number of shares of common stock necessary for the investor to achieve a 25% internal rate of return computed on an annualized basis and compounded annually on the investor's aggregate investment in common stock. The maximum number of shares as to which this warrant may be exercisable is that number of shares of common stock that, when combined with shares of common stock issued to the investor up to the time immediately prior to exercise of the warrant, would equal 75% of the issued and outstanding shares of common stock, calculated on a fully diluted basis. On March 12, 2002, the warrant was exercised for 20,108,232 shares of common stock, the fair value of which is $19,208,586, in preparation for the sale of the Company (Note 14). In conjunction with the exercise, the payment of $.0005 per share ($10,054) was waived.

CANCELLATION OF COMMON STOCK: In conjunction with the settlement reached by the Company and investor as to the final number of shares of common stock the investor received (see discussion above), certain shareholders were required to tender 61,447 shares of common stock for cancellation, which occurred in June 2001.

ISSUANCE OF WARRANT: In November 2001, as consideration for guaranteeing the line of credit (Note 4), a major stockholder and officer of the Company received a fully vested warrant to purchase 475,000 shares of common stock at a price of $2.12 per share. The warrant expires in November 2006. The $394,978 fair value of the warrant was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.41%, contractual life of five years, volatility of 148%, and no dividends. The fair value of such warrant has been included in prepaid expenses and other currents assets and is being amortized to interest expense over the related term of the line of credit which expires May 1, 2002.

NOTE 9: STOCK OPTION PLANS

In 1999, the Company adopted a combined stock option plan (the 1999 Plan), which provides for the issuance of incentive and nonqualified common stock options to employees, directors, and consultants of the Company. The stock options generally vest immediately upon issuance or ratably over a four-year period with accelerated vesting if certain criteria are met. These options became fully vested on January 1, 2000. On May 11, 2000, the Company adopted the 2000 stock option plan (the 2000 Plan), which provides for the issuance of incentive and nonqualified stock options to employees, directors, and consultants of the Company. Stock options under such plan generally vest ratably over a four-year period. The options have terms ranging from five to 10 years. There are 2,875,000 shares available for issuance under these Plans. A total of 3,010,000 shares of common stock have been reserved for issuance under both plans as of December 31, 2001.

The following table summarizes stock option activity for all option plans from inception:

	Options outstanding	Weighted average exercise price
Outstanding at January 1, 2001	2,974,090	$ 0.86
Options granted equal to market value	181,500	2.12
Options granted less than market value	400,000	0.25
Options exercised	(60,300)	0.06
Options forfeited	(773,298)	1.25
Outstanding at December 31, 2001	2,721,992	
Options exercisable at December 31, 2001	2,523,380	0.63

The following table summarizes information about stock options outstanding and exercisable at December 31, 2001:

Exercise price	Options outstanding	Weighted Average remaining contractual life	Options exercisable
0.06	1,580,534	8.36	1,580,534
0.25	400,000	9.99	400,000
2.12	531,458	8.21	341,846
3.25	210,000	3.36	210,000
	2,721,992		2,532,380

The Company recognized $282,104 of compensation expense on fully vested stock options issued to employees and directors during the year ended December 31, 2001. This expense was calculated as the difference betwee n the stock option exercise price and the fair value of the related common stock on the grant date. Included in the $282,104 is $141,052 of compensation expense related to the repricing of 200,000 stock options.

Information regarding stock option grants during the year ended December 31, 2001, is summarized as follows:

	Options	Weighted average exercise price	Weighted average fair value
Exercise price is less than fair value	400,000	$ 0.25	$ 0.74
Exercise price equals fair value	181,500	2.12	0.31

SFAS No. 123, Accounting for Stock-Based Compensation, requires the disclosure of the pro forma net loss had the Company adopted the fair value method. The Company has calculated the pro forma net loss under SFAS No. 123 using the Black-Scholes option pricing model with the following weighted average assumptions for options granted during the year ended December 31, 2001: risk-free interest rates of 3.98% to 5.21%; an expected life of four years; no stock price volatility; and no dividends over the expected life. The difference between pro forma and recorded net loss is as follows:

Net loss:	
As reported	$8,418,281
Pro forma	8,423,617

The weighted average Black-Scholes value of options granted under the stock option plan during 2001 was $0.64.

NOTE 10: COMMITMENTS

The Company has noncancellable operating leases for corporate facilities. Rent expense is amortized on a straight-line basis over the terms of the related leases. Rent expense under operating leases was $351,643 for the year ended December 31, 2001.

Future minimum rental payments required under noncancellable operating leases are as follows for the years ended December 31:

2002	$ 453,151
2003	258,727
2004	64,849
	$ 776,727

NOTE 11: RETIREMENT PLAN

The Company has adopted a 401(k) profit sharing plan which became effective January 1, 1996. The plan covers all eligible employees who have completed 90 days of service and are 21 years old. The 401(k) component of the plan allows employees to elect to defer up to 20% of their eligible compensation. Company profit sharing contributions are discretionary, determined annually by Company management, approved by the Board of Directors, and are subject to a four-year vesting schedule. The Company did not contribute to the profit sharing plan for the year ended December 31, 2001.

NOTE 12: RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors provided consulting services to the Company for $62,012 for the year ended December 31, 2001.

The Company has both borrowed from and loaned to a shareholder who is also an officer (Notes 3 and 5).

NOTE 13: LITIGATION

On September 20, 2001, counsel for a former employee of the Company filed a lawsuit with the Superior Court for the County of Spokane alleging wrongful termination. On February 22, 2002, the Company reached a settlement with the former employee for $300,000, of which $50,000 will be reimbursed by the Company's insurer. The Company accrued a net liability of $250,000 related to this settlement at December 31, 2001.

NOTE 14: SUBSEQUENT EVENTS

On February 14, 2002, the Company entered into an agreement to be acquired by Itron for $42.0 million, subject to a net working capital adjustment, as defined in the merger agreement. On March 12, 2002, the transaction closed and the Company was acquired for a combination of Itron common stock and cash in the amount of $41.4 million, which included an initial net working capital adjustment of $(600,000). Consideration received consisted of 848,870 shares of Itron common stock and cash for fractional interests with the remaining $20.4 million received in cash of which $1.0 million was placed in escrow as security for certain indemnifications given by the Company; an additional $600,000 was also placed in escrow for the initial net working capital adjustment. The purchase price is also subject to additional earn out payments, as defined and subject to a maximum of $13.5 million, to the Company's shareholders in the event that certain stipulated revenue hurdles are exceeded in the period from March 13, 2002, to December 31, 2002, and the years ending December 31, 2003 and 2004.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated balance sheet and statement of operations give effect to the acquisition of LineSoft Corporation (LineSoft), which was completed on March 12, 2002. The acquisition has been accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations. Under the purchase method of accounting, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The estimated fair values contained herein are preliminary in nature, and are likely to change as the allocation will be partially based on an assessment of fair value of intangible assets acquired performed by an independent appraiser. Such preliminary estimates of fair values of the assets and liabilities of LineSoft have been consolidated with the recorded values of the assets and liabilities of Itron, Inc. and subsidiaries (Itron) in the unaudited pro forma condensed consolidated financial information. SFAS No. 142, Goodwill and Other Intangible Assets, provides that goodwill resulting from a business combination completed subsequent to June 30, 2001 will not be amortized but instead is required to be tested for impairment at least annually.

The unaudited pro forma condensed consolidated balance sheet has been prepared to reflect the acquisition of LineSoft as if it had occurred on December 31, 2001. The unaudited pro forma condensed consolidated statement of operations reflects the condensed consolidated results of operations of Itron and LineSoft for the year ended December 31, 2001 as if the acquisition had occurred on January 1, 2001.

The unaudited pro forma condensed consolidated balance sheet and unaudited pro forma condensed consolidated statement of operations are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized had Itron and LineSoft been a consolidated company during the specified periods. The unaudited pro forma condensed consolidated balance sheet and unaudited pro forma condensed consolidated statement of operations should be read in conjunction with the historical financial statements and notes thereto of Itron and LineSoft.

ITRON, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2001
(IN THOUSANDS)

	Historical Itron	Historical LineSoft	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Current assets					
Cash, cash equivalents and short-term investments	$ 42,781	$ 113	$ (21,000)	(1)	$ 21,894
Accounts receivable, net	52,345	4,664	600	(2)	57,609
Inventories, net	16,281	-	-		16,281
Other current assets	5,326	630	(16)	(3a)	5,940
Total current assets	116,733	5,407	(20,416)		101,724
Property, plant and equipment, net	25,918	2,076	(510)	(3b)	27,484
Equipment used in outsourcing, net	12,918	-	-		12,918
Intangible assets, net	4,419	-	7,708	(3c)	12,127
Goodwill, net	6,616	-	23,531	(3d)	30,147
Other long-term assets	36,087	2,440	5,472	(3e)	43,999
Total assets	$ 202,691	$ 9,923	$ 15,785		$ 228,399
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Line of credit	$ -	$ 902	$ -		$ 902
Accounts payable and accrued expenses	24,689	946	1,455	(4)	27,090
Wages and benefits payable	11,611	1,165	-		12,776
Other current liabilities	13,787	3,129	-		16,916
Total current liabilities	50,087	6,142	1,455		57,684
Long term debt	64,255	-	-		64,255
Other long-term liabilities	12,297	573	3,137	(3f)	16,007
Total liabilities	126,639	6,715	4,592		137,946
Shareholders' equity	76,052	3,208	21,801	(5)	90,453
			(3,208)	(6)	
			(7,400)	(3g)	
Total liabilities and shareholders' equity	$ 202,691	$ 9,923	$ 15,785		$ 228,399

See accompanying notes to unaudited pro forma condensed consolidated financial information.

ITRON, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001
(in thousands, except per share data)

	Historical Itron	Historical LineSoft	Pro Forma Adjustments		Pro Forma Combined
Net revenues	$ 225,555	$ 14,259	$ -		$ 239,814
Cost of revenues	127,696	12,186	(4)	(7)	139,878
Gross profit	97,859	2,073	4		99,936
Operating expenses:					
Sales and marketing	26,523	4,097			30,620
Product development	30,000	2,971			32,971
General and administrative	15,209	3,430	(68)	(7)	18,571
Amortization of intangibles	1,486	-	3,211	(8)	4,697
Other	(1,219)	-			(1,219)
Total operating expenses	71,999	10,498	3,143		85,640
Operating income (loss)	25,860	(8,425)	(3,139)		14,296
Other income/(expense), net	(4,494)	7	198	(9)	(4,289)
Income (loss) before income taxes	21,366	(8,418)	(2,941)		10,007
Income tax provision	(7,916)		4,203	(10)	(3,713)
Net income (loss)	$ 13,450	$ (8,418)	$ 1,262		$ 6,294
Basic net income per common share	$ .86				$ .38
Diluted net income per common share	$ .75				$ .35
Weighted average shares used to compute net income per common share					
Basic	15,639		849	(11)	16,488
Diluted	18,834		(702)	(11)	18,132

See accompanying notes to unaudited pro forma condensed consolidated financial information.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

NOTE 1: PURCHASE PRICE

The purchase consideration of the merger was paid by the issuance of 848,870 shares of Itron common stock and $21.0 million in cash, subject to a working capital adjustment as stipulated in the acquisition agreement. In connection with the closing, Itron and LineSoft agreed that the initial net working capital adjustment would be $600,000 and would result in a reduction in the purchase price of $600,000. The fair market value of the Itron common shares used in determining the number of shares to be issued was $24.7385 per share, which reflects the average closing price of the Itron common stock on the twenty trading days prior to the fifth trading day prior to March 12, 2002, the closing date as stipulated in the acquisition agreement. However, for accounting purposes, the value ascribed to the shares issued was $25.68 per share (aggregating approximately $21,801,000), which reflects the average of the closing prices of Itron common stock on March 4, 2002, the date on which the number of shares was first determinable, and on the three trading days before and after that date.

The unaudited condensed consolidated financial information reflects a preliminary allocation of the purchase price and represents Itron's expectations of the significant liabilities and tangible and intangible assets that will be recognized in connection with the merger. The significant items which could change are intangible assets and goodwill as these are dependent, in part, on a report by an independent appraiser that has not yet been finalized.

The preliminary purchase consideration is summarized as follows (in thousands):

Cash paid	$ 21,000
Value of Itron common stock issued	21,801
Initial net working capital adjustment	(600)
Estimated transaction costs	1,455
Total	$ 43,656

For pro-forma purposes only, and assuming the transaction was consummated on December 31, 2001 and not on the actual closing date of March 12, 2002, the preliminary allocation of the purchase price would be as follows (in thousands):

Net current assets and liabilities	$ (751)
Property, plant and equipment	1,566
Other long-term assets	7,912
Intangible assets	15,108
Goodwill	23,531
Other long-term liabilities	(3,710)
Net assets acquired	$ 43,656

The excess of the purchase price over the fair value of net assets acquired has been classified as goodwill.

Preliminary intangible assets are comprised of the following (in thousands):

		Weighted Average Useful Life (in months)
In-process research and development	$ 7,400	NA
Customer contracts	1,247	28.5
Core developed technology	5,917	21.1
Customer backlog	247	9.0
Trademarks and trade names	216	17.3
Internally developed software	81	21.9
	$ 15,108	

Except for trademarks and trade names, the preliminary values assigned were determined using the income approach by an independent appraiser. Under the income approach, the fair value reflects the present value of the projected cash flows that are expected to be generated by the products. The preliminary value assigned to trademarks and trade names was determined using the relief from royalty approach which is based on the assumption that in lieu of ownership a firm would be willing to pay a royalty in order to exploit the related benefits of the asset.

In-process research and development was written off to expense immediately after closing on March 12, 2002 (See Note 3). Other intangible assets will be amortized over their estimated useful lives of one to five years, with the majority fully amortized within three years. The total weighted average expected life of other intangible assets is approximately 22 months.

The pro forma condensed consolidated financial information is intended for information purposes, and does not purport to represent what the combined companies' results of operations or financial position would actually have been had the transaction in fact occurred at an earlier date, or project the results for any future date or period.

NOTE 2 - PRO FORMA ADJUSTMENTS

The following adjustments are reflected in the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statement of operations to reflect the estimated impact of the merger on the historical combined results of Itron and LineSoft:

1. To record the purchase price cash payment.

2. To record the initial net working capital adjustment.

3. These pro forma adjustments reflect the allocation to the assets and liabilities of LineSoft of the difference between the fair value of LineSoft and the book value of LineSoft (the excess purchase price) as follows (in thousands).

Purchase price	$ 43,656
Book value of LineSoft	3,208
Excess purchase price	$ 40,448

The excess purchase price has been allocated as follows (in thousands):

a.	Prepaid expenses	$ (314)
	Deferred tax asset - current	298
	Total other current assets	(16)
b.	Property, plant and equipment *	(510)
c.	Intangible assets	7,627
	Internally developed software	81
	Total intangible assets, net	7,708
d.	Goodwill	23,531
e.	Deferred tax asset - long-term	5,472
f.	Deferred taxes - long-term	(3,137)
g.	In-process research and development	7,400
	Excess purchase price	$ 40,448

* The decrease in property, plant and equipment is primarily related to the un-amortized portion of LineSoft financial reporting software that will not be used in the future.

4. To record estimated transaction costs.

5. To record the value of the Itron common shares issued as part of the purchase price at $25.68 per share as discussed in Note 1.

6. To eliminate the shareholders' equity of LineSoft.

7. To record the reduction in depreciation expense resulting from the preliminary adjustment to record LineSoft property, plant and equipment at estimated fair values using a weighted average life of three years.

8. To adjust amortization of amortizable intangible assets acquired based on estimated fair market value using estimated lives of one to five years, with the majority fully amortized within three years.

9. To eliminate interest expense for the LineSoft line of credit that was paid in full at closing.

10. To record the tax provision impact of LineSoft and related pro forma adjustments at the 2001 Itron tax rate of 37%.

11. To adjust shares for the issuance of 848,870 shares of stock for the purchase of LineSoft and for the change in the dilutive effect of convertible debt shares of 1,551,000.

NOTE 3 - IN-PROCESS RESEARCH AND DEVELOPMENT

As of December 31, 2001, LineSoft was in the process of developing new software products that had not yet reached technological feasibility. These projects have been classified as in-process research and development. The fair value is estimated to be $7.4 million with estimated cost to complete of $3.1 million, substantially all of which will be completed in 2002.

The material risks associated with the successful completion of the in-process technology are associated with Itron's ability to successfully finish the development of the software. Itron expects to benefit from the in-process projects as the individual products that contain the in-process technology are marketed and sold to end-users. The release dates for each of the in-process products are varied. The fair value of the in-process research and development was determined using the income approach. Under the income approach, the fair value reflects the present value of the projected cash flows that are expected to be generated by the products incorporating the in-process research and development, if successful.

The projected cash flows were discounted to approximate fair value. The discount rate applicable to the cash flows of each project reflects the stage of completion and other risks inherent in each project. The discount rate used in the valuation of in-process research and development was 30 percent.

Exhibit 99.4

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-84196, 333-28933, 333-63147, 333-04685, 333-86581, 333-40356, 333-81925, and 333-86196 of Itron, Inc., of our report dated April 26, 2002 on the financial statements of Linesoft, Inc., appearing in this Current Report on Form 8-K/A of Itron, Inc.

DELOITTE & TOUCHE LLP
Seattle, Washington
April 26, 2002