

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

November 1, 2006

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.)

2111 North Molter Road, Liberty Lake, WA 99019

(Address of Principal Executive Offices, Zip Code)

(509) 924-9900

(Registrant's Telephone Number, Including Area Code)

2818 North Sullivan Road, Spokane, WA 99216

(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 November 1, 2006, Itron, Inc. issued a press release announcing the financial results for the three and nine months ending September 30, 2006. A copy of this press release and accompanying financial statements are attached as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is filed as part of this report:

Exhibit Number	Description
99.1	Press Release dated November 1, 2006.

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: November 1, 2006

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 November 1, 2006.

Itron Announces Strong Third Quarter Results

SPOKANE, Wash.--(BUSINESS WIRE)--Nov. 1, 2006--Itron, Inc. (NASDAQ:ITRI), today reported financial results for its third quarter ended September 30, 2006. Highlights of the results include:

- Record quarterly and year-to-date revenues of \$164.7 million and \$484.1 million;
- Quarterly and year-to-date GAAP diluted EPS of \$.35 and \$1.01;
- Record quarterly and year-to-date pro forma diluted EPS of \$.63 and \$1.83;
- Record year-to-date cash flow from operations of \$87 million.

Revenues for the third quarter of 2006 were \$164.7 million, 17% higher than third quarter 2005 revenues of \$141.1 million. Revenues for the nine months ended September 30, 2006 were \$484.1 million, which reflects a 23% increase over revenues of \$392.7 million in the first nine months of 2005.

"We continue to deliver solid operating results," said LeRoy Nosbaum, chairman and CEO. "We had our highest quarterly revenue in the company's history despite the expected decline from the first half of the year in revenue associated with our Progress Energy contract. The overall level of activity in the industry continues to be high and our competitive position remains excellent."

- Electricity Metering segment revenues were \$81.6 million in the third quarter compared with \$58.6 million in the third quarter of 2005. For the nine months ended September 30, 2006 Electricity Metering revenues were \$250.4 million compared with \$173.3 million in the same period in 2005. The 39% and 44% respective increases in revenues were primarily driven by shipments of electricity meters with embedded AMR and related installation services to Progress Energy. Without the effect of Progress Energy, Electricity Metering revenues in the quarter increased 7% over 2005. The Progress Energy contract accounted for meter shipments of approximately 300,000 and 1.9 million in the quarter and year-to-date periods.
- Meter Data Collection (MDC) segment revenues of \$69.4 million in the third quarter of 2006 were down slightly from \$70.6 million in the third quarter of 2005. Year-to-date 2006 MDC revenues of \$191.3 million were 5% higher than the \$182.5 million year-to-date in 2005 despite a planned sales shift from stand-alone electric AMR modules to electric meters with embedded AMR, which are reflected in Electricity Metering segment revenues. The higher year-to-date MDC revenue is primarily due to shipments of gas ERT modules associated with several AMR projects.
- Software Solutions revenues were \$13.7 million during the quarter or 15% higher than \$11.9 million in the third quarter of 2005. For the nine months ended September 30, 2006, software revenues of \$42.4 million were 15% higher than revenues of \$36.9 million for the same period in 2005. Software revenues have increased in 2006 primarily due to increased software license sales for a variety of products.

New order bookings for the quarter and year-to-date periods in 2006 were \$128 million and \$441 million, compared with \$212 million and \$506 million in 2005. New order bookings in 2005 included \$118 million from one contract with Progress Energy, which was signed in the third quarter of 2005. Twelve-month backlog, which represents the portion of backlog that will be earned over the next twelve months, was \$194 million at September 30, 2006, compared with \$198 million one year ago. At September 30, 2006 and 2005 total backlog was \$325 million. Twelve-month and total backlog at September 30, 2005 included \$77 million and \$118 million respectively, related to our contract with Progress Energy. At September 30, 2006 there was \$14 million remaining in backlog related to this contract.

"New order bookings and resulting backlog remain strong," said LeRoy Nosbaum, "both of which mitigate the effect of the large order with Progress Energy winding down."

Total company gross margins of 41% for the quarter were slightly lower than the 43% in the third quarter of 2005. Gross margins for the year-to-date periods in 2006 were 42% which was in line with the 43% in the same period of 2005. Current quarter and year-to-date gross margins were lower for Electricity Metering due to a higher portion of lower margin installation revenue in both periods. Software Solutions gross margins were lower for the quarter due to the

timing of projects. Software margin for the nine months ended September 30, 2006 of 42% was slightly higher than the 41% in the same period of 2005 due to a higher proportion of revenue from software licenses.

On January 1, 2006, the Company adopted Statement of Financial Accounting Standard No. 123(R), Share-Based Payment (SFAS 123 (R), which requires the expensing of share-based compensation. Total stock-based compensation in the quarter and year-to-date periods was \$2.7 million and \$6.8 million respectively, of which \$2.3 million and \$5.9 million was due to the adoption of SFAS 123(R) for stock options.

Pro forma operating income, which excludes intangible asset amortization expenses in both 2006 and 2005, restructuring charges in 2005 and SFAS 123(R) stock option compensation expense in 2006, was \$26.5 million for the quarter, or 16.1% of revenues, compared with \$23.9 million or 16.9% of revenues in the third quarter of 2005. Year-to-date pro forma operating income was \$81.7 million, or 16.9% of revenues compared with \$59.8 million or 15.2% of revenues for the nine months ended September 30, 2005, even with increased investments in research and development in 2006.

GAAP net income was \$9.2 million, or 35 cents per diluted share, for the current quarter, compared with net income of \$6.0 million, or 23 cents per diluted share, for the third quarter of 2005. For the nine months ended September 30, 2006, GAAP net income was \$26.5 million, or \$1.01 per diluted share, compared with \$16.1 million, or 66 cents per diluted share for the same period in 2005. GAAP net income in the nine month 2005 period included a \$5.9 million tax benefit for additional research and development (R&D) credits for the years 1997 through 2004.

Pro forma net income was \$16.6 million, or 63 cents per diluted share, for the quarter and \$48.2 million, or \$1.83 per diluted share, for the nine months ended September 30, 2006, compared with \$12.6 million, or 49 cents per diluted share, in the third quarter of 2005 and \$30.3 million or \$1.24 per diluted share for the nine months ended September 30, 2005. Pro forma net income excludes intangible asset and debt fee amortization expense in 2005 and 2006, restructuring charges and the benefit of R&D tax credits in 2005 and SFAS 123(R) stock option compensation expense in 2006.

On August 4, 2006, we issued \$345 million of 2.50% convertible senior subordinated notes with a 40% conversion premium at the time of issuance. Upon conversion we are required to settle the principal amount of the convertible notes in cash and may elect to settle the remaining conversion obligation (stock price in excess of conversion price) in cash, shares or a combination. The notes are due August 2026 and contain put options at five-year intervals at the option of the holder. We expect to use the proceeds from the issuance for future investments in or acquisitions of companies or technologies that are complementary to our business. The net proceeds from the issuance of notes have been invested in short term securities and were mildly accretive to our results during the quarter because of the interest spread.

We generated \$87.0 million of cash from operations during the first nine months of 2006 compared with \$49.6 million in 2005. Capital expenditures were \$25.9 million in the first nine months of 2006 compared with \$10.3 million in the first nine months of 2005. The increase in 2006 is primarily related to an enterprise software upgrade and capital improvements associated with our new headquarters building.

Forward Looking Statements:

This release contains forward-looking statements concerning our expectations about our 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 our products, rescheduling of current customer orders, changes in estimated liabilities for product warranties, changes in laws and regulations, our dependence on new product development and intellectual property, future acquisitions, changes in estimates for stock based compensation and other factors which are more fully described in our Annual Report on Form 10-K for the year ended December 31, 2005 and other reports on file with the Securities and Exchange Commission. Itron undertakes no obligation to update publicly or revise any forward-looking statements, including our business outlook.

Business Outlook:

The outlook information provided below and elsewhere in this release is based on information available today and does not include the effect of any pending or future acquisitions. Itron assumes no obligation to publicly update or revise our business outlook. Our future performance involves risks and

uncertainties.

For the full year 2006, we expect:

- Revenues between \$638 and \$642 million (previous guidance was \$625 to \$635 million).
- GAAP net income between \$32 and \$34 million (previous guidance was \$31 to \$33 million).
- Pro forma net income between \$61 and \$63 million (previous guidance was \$59 to \$61 million).
- Pro forma EPS between \$2.35 and \$2.40 per diluted share (previous guidance was \$2.25 to \$2.30).
- Our 2006 estimated pro forma tax rate as a percentage of pre-tax pro forma income is expected to be approximately 37%, which is higher than our previous estimated rate due to the expiration of the federal research credit which Congress has yet to renew for 2006. If the research credit is renewed for the entire year, we estimate it will reduce our pro forma tax rate as a percentage of pre-tax pro forma income to approximately 35%.
- Adjusted EBITDA, which excludes \$8 million of stock option compensation expenses, between \$117 and \$120 million.

Our preliminary expectations for the full year 2007 are:

- Revenue growth of approximately 8% over 2006 with a range of 3% above and below that midpoint target.
- Pro forma diluted EPS growth of almost twice the rate of revenue growth.

Use of Non-GAAP Financial Information:

To supplement our consolidated financial statements presented in accordance with GAAP, we use certain non-GAAP financial measures, including pro forma operating income, pro forma net income and EPS, EBITDA and Adjusted EBITDA. Management believes these non-GAAP financial measures provide useful information to both management and investors by excluding certain expenses, gains and losses that may not be indicative of our core results and provides for consistency and comparability in our financial reporting. We provide these non-GAAP financial measures because we believe they provide greater transparency and represent supplemental information used by management in its financial and operational decision making. Specifically, these non-GAAP financial measures are provided to enhance investors' overall understanding of our current financial performance and our future anticipated performance. Non-GAAP performance measures should be considered in addition to, and not as a substitute for, results prepared in accordance with GAAP. Finally, our non-GAAP financial measures may be different from those reported by other companies. Reconciliations between GAAP and non-GAAP financial measures are included in this press release.

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 November 1, 2006. The call will be webcast in a listen only mode and can be accessed online at www.itron.com, "Investors - Investor Events." The live webcast will begin at 1:45 p.m. (PST). The webcast replay 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), entering passcode # 3314107.

About Itron:

Itron is a leading technology provider and critical source of knowledge to the global energy and water industries. Nearly 3,000 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, reconciliations between GAAP and non-GAAP results, segment information, balance sheets, cash flow statements and reconciliations of adjusted EBITDA follow.

ITRON, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands,
except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenues				
Sales	\$152,023	\$128,683	\$446,934	\$355,696
Service	12,683	12,462	37,135	37,042
Total revenues	164,706	141,145	484,069	392,738
Cost of revenues				
Sales	90,319	73,179	260,279	203,188
Service	6,962	6,936	20,559	20,783
Total cost of revenues	97,281	80,115	280,838	223,971
Gross profit	67,425	61,030	203,231	168,767
Operating expenses				
Sales and marketing	15,176	13,688	46,978	40,456
Product development	15,626	11,807	43,416	35,135
General and administrative	12,463	11,645	37,104	33,381
Amortization of intangible assets	8,284	9,712	23,209	29,143
Restructurings	-	-	-	390
Total operating expenses	51,549	46,852	150,707	138,505
Operating income	15,876	14,178	52,524	30,262
Other income (expense)				
Interest income	3,467	69	4,189	167
Interest expense	(4,028)	(4,328)	(12,359)	(15,280)
Other income (expense), net	(187)	(535)	(876)	20
Total other income (expense)	(748)	(4,794)	(9,046)	(15,093)
Income before income taxes	15,128	9,384	43,478	15,169
Income tax (provision) benefit	(5,913)	(3,382)	(16,990)	963
Net income	\$ 9,215	\$ 6,002	\$ 26,488	\$ 16,132
Earnings per share				
Basic net income per share	\$ 0.36	\$ 0.25	\$ 1.05	\$ 0.70
Diluted net income per share	\$ 0.35	\$ 0.23	\$ 1.01	\$ 0.66
Weighted average number of shares outstanding				
Basic	25,552	24,441	25,343	22,912
Diluted	26,336	25,919	26,251	24,471

ITRON, INC.
RECONCILIATIONS BETWEEN GAAP AND PRO FORMA

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30, 2006		
	Reported	Pro Forma Entries	Pro Forma
Revenues	\$164,706	\$ -	\$164,706

Cost of revenues	97,281	(376)(a)	96,905
Gross profit	67,425	376	67,801
Operating expenses	51,549	(1,938)(a) (8,284)(b)	41,327
Operating income	15,876	10,598	26,474
Other income (expense)	(748)	597 (d)	(151)
Income before income taxes	15,128	11,195	26,323
Income tax (provision) benefit	(5,913)	(3,784)(e)	(9,697)
Net income	\$ 9,215	\$ 7,411	\$ 16,626

Earnings per share			
Basic net income per share	\$ 0.36		\$ 0.65
Diluted net income per share	\$ 0.35		\$ 0.63

Weighted average number of shares outstanding			
Basic	25,552		25,552
Diluted	26,336		26,336

Three Months Ended
September 30, 2005

	Reported	Pro Forma Entries	Pro Forma
Revenues	\$141,145	\$ -	\$141,145
Cost of revenues	80,115	-	80,115
Gross profit	61,030	-	61,030
Operating expenses	46,852	(9,712)(b)	37,140
Operating income	14,178	9,712	23,890
Other income (expense)	(4,794)	1,245 (d)	(3,549)
Income before income taxes	9,384	10,957	20,341
Income tax (provision) benefit	(3,382)	(4,339)(e)	(7,721)
Net income	\$ 6,002	\$ 6,618	\$ 12,620

Earnings per share			
Basic net income per share	\$ 0.25		\$ 0.52
Diluted net income per share	\$ 0.23		\$ 0.49

Weighted average number of shares outstanding			
Basic	24,441		24,441
Diluted	25,919		25,919

Nine Months Ended
September 30, 2006

	Reported	Pro Forma Entries	Pro Forma
Revenues	\$484,069	\$ -	\$484,069

Cost of revenues	280,838	(902)(a)	279,936
Gross profit	203,231	902	204,133
Operating expenses	150,707	(5,040)(a) (23,209)(b)	122,458
Operating income	52,524	29,151	81,675
Other income (expense)	(9,046)	3,633 (d)	(5,413)
Income before income taxes	43,478	32,784	76,262
Income tax (provision) benefit	(16,990)	(11,105)(e)	(28,095)
Net income	\$ 26,488	\$ 21,679	\$ 48,167
Earnings per share			
Basic net income per share	\$ 1.05		\$ 1.90
Diluted net income per share	\$ 1.01		\$ 1.83
Weighted average number of shares outstanding			
Basic	25,343		25,343
Diluted	26,251		26,251

Nine Months Ended
September 30, 2005

	Reported	Pro Forma Entries	Pro Forma
Revenues	\$392,738	\$ -	\$392,738
Cost of revenues	223,971	-	223,971
Gross profit	168,767	-	168,767
Operating expenses	138,505	(29,143)(b) (390)(c)	108,972
Operating income	30,262	29,533	59,795
Other income (expense)	(15,093)	4,223 (d)	(10,870)
Income before income taxes	15,169	33,756	48,925
Income tax (provision) benefit	963	(19,623)(e)	(18,660)
Net income	\$ 16,132	\$ 14,133	\$ 30,265
Earnings per share			
Basic net income per share	\$ 0.70		\$ 1.32
Diluted net income per share	\$ 0.66		\$ 1.24
Weighted average number of shares outstanding			
Basic	22,912		22,912
Diluted	24,471		24,471

Pro Forma Adjustments

- (a) Non-cash stock option compensation expense.
- (b) Amortization of intangible assets.
- (c) Restructurings.
- (d) Debt fee amortization.
- (e) Income taxes associated with pro forma entries.

ITRON, INC.
SEGMENT INFORMATION

(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenues				
Hardware Solutions				
Electricity Metering	\$81,575	\$58,598	\$250,420	\$173,326
Meter Data Collection	69,437	70,638	191,298	182,506
Total Hardware Solutions	151,012	129,236	441,718	355,832
Software Solutions	13,694	11,909	42,351	36,906
Total Company	\$164,706	\$141,145	\$484,069	\$392,738
Gross profit				
Hardware Solutions				
Electricity Metering	\$31,466	\$24,236	\$100,392	\$73,223
Meter Data Collection	30,965	32,080	85,132	80,412
Total Hardware Solutions	62,431	56,316	185,524	153,635
Software Solutions	4,994	4,714	17,707	15,132
Total Company	\$67,425	\$61,030	\$203,231	\$168,767
Operating income (loss)				
Hardware Solutions				
Electricity Metering	\$27,296	\$20,178	\$89,070	\$60,504
Meter Data Collection	24,881	26,656	67,672	64,601
Other unallocated costs	(9,736)	(5,938)	(28,169)	(18,143)
Total Hardware Solutions	42,441	40,896	128,573	106,962
Software Solutions	(3,874)	(2,996)	(9,698)	(8,570)
Corporate unallocated	(22,691)	(23,722)	(66,351)	(68,130)
Total Company	\$15,876	\$14,178	\$52,524	\$30,262

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
(Units in thousands)				
Unit Shipments by Segment				
Electricity Metering				
Total meters	1,575	1,175	5,175	3,375
With Itron AMR	850	575	3,325	1,375
With other AMR	325	150	700	575
Meter Data Collection				
AMR standalone modules	1,150	1,175	3,225	3,075
Licensed AMR (other vendors' meters)	125	250	300	550
(1) Total units with Itron AMR	2,125	2,000	6,850	5,000
Growth in total Itron AMR shipments	6%		37%	

(1) Includes Itron meters with Itron AMR, other vendors' electronic electricity meters with Itron AMR and Itron AMR standalone modules.

ITRON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands)

	September 30, 2006	December 31, 2005
ASSETS		
Current assets		
Cash and cash equivalents	\$234,521	\$33,638
Short-term investments, held to maturity	171,733	-
Accounts receivable, net	97,033	104,428

Inventories	58,953	49,456
Deferred income taxes, net	22,455	23,194
Other	23,047	10,941
	-----	-----
Total current assets	607,742	221,657
Property, plant and equipment, net	83,819	77,623
Intangible assets, net	109,937	123,293
Goodwill	119,586	116,032
Deferred income taxes, net	46,775	48,955
Other	17,161	11,324
	-----	-----
Total assets	\$985,020	\$598,884
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$52,666	\$46,215
Wages and benefits payable	24,802	23,732
Current portion of debt	-	4,376
Current portion of warranty	9,141	8,497
Unearned revenue	27,605	22,758
	-----	-----
Total current liabilities	114,214	105,578
Long-term debt	469,299	160,186
Project financing debt	-	2,367
Warranty	9,463	6,779
Contingent purchase price	5,686	-
Other obligations	8,208	6,440
	-----	-----
Total liabilities	606,870	281,350
Shareholders' equity		
Preferred stock	-	-
Common stock	345,404	312,046
Accumulated other comprehensive income, net	1,641	871
Retained earnings	31,105	4,617
	-----	-----
Total shareholders' equity	378,150	317,534
	-----	-----
Total liabilities and shareholders' equity	\$985,020	\$598,884
	-----	-----

ITRON, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)	Nine Months Ended September 30,	
	----- 2006	----- 2005
	-----	-----
Operating activities		
Net income	\$26,488	\$16,132
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,266	38,785
Employee stock plans income tax benefits	12,686	14,399
Excess tax benefits from stock-based compensation	(9,108)	-
Stock-based compensation	6,811	399
Amortization of prepaid debt fees	3,766	4,330
Deferred income taxes, net	2,784	(16,313)
Other, net	(1,208)	1,534
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	9,416	(4,738)
Inventories	(8,549)	(5,199)
Accounts payable and accrued expenses	3,622	360
Wages and benefits payable	1,088	7,412
Unearned revenue	5,758	(3,085)
Warranty	3,328	(194)
Other long-term obligations	(237)	(436)
Other, net	(3,923)	(3,832)
	-----	-----
Net cash provided by operating activities	86,988	49,554
Investing activities		
Purchases of investments held to maturity	(170,434)	-

Acquisitions of property, plant and equipment	(25,878)	(10,264)
Business acquisitions, net of cash and cash equivalents acquired	(7,321)	-
Other, net	1,507	1,780
	-----	-----
Net cash used in investing activities	(202,126)	(8,484)
Financing activities		
Proceeds from borrowings	345,000	-
Payments on debt	(42,703)	(122,704)
Issuance of common stock	13,375	82,269
Excess tax benefits from stock-based compensation	9,108	-
Prepaid debt fees	(8,759)	(391)
Other, net	-	28
	-----	-----
Net cash provided by (used in) financing activities	316,021	(40,798)
Increase in cash and cash equivalents	200,883	272
Cash and cash equivalents at beginning of period	33,638	11,624
	-----	-----
Cash and cash equivalents at end of period	\$234,521	\$11,896
	-----	-----
Non-cash transactions:		
Fixed assets purchased but not yet paid	\$3,452	\$-
Non-cash affects of acquisitions	637	

ITRON, INC.

RECONCILIATIONS BETWEEN GAAP NET INCOME, EBITDA AND ADJUSTED EBITDA

(Unaudited, in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
	-----	-----	-----	-----
GAAP net income	\$9,215	\$6,002	\$26,488	\$16,132
Adjustments to GAAP net income				
Interest income	(3,467)	(69)	(4,189)	(167)
Interest expense	4,028	4,328	12,359	15,280
Income tax provision (benefit)	5,913	3,382	16,990	(963)
Depreciation and amortization	11,975	12,661	34,266	38,785
	-----	-----	-----	-----
Total adjustments	18,449	20,302	59,426	52,935
EBITDA	\$27,664	\$26,304	\$85,914	\$69,067
	-----	-----	-----	-----
Non-cash stock option compensation expense	2,314	-	5,942	-
	-----	-----	-----	-----
Adjusted EBITDA	\$29,978	\$26,304	\$91,856	\$69,067
	-----	-----	-----	-----

CONTACT: Itron, Inc.
Vice President, Investor Relations
and Corporate Communications
Deloris Duquette, 509-891-3523
deloris.duquette@itron.com