

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

October 1, 2004

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 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On October 1, 2004, Itron, Inc. ("we," "our" or "the Company") completed a \$30 million interest rate swap with a counterparty whereby we receive variable interest payments based on three-month London InterBank Offered Rate (LIBOR) and pay fixed interest payments based on a rate of 3.26%, over a three-year term of the swap agreement. There were no origination fees or other significant up front costs in connection with this financing instrument.

In addition, on October 1, 2004, we purchased a 4.00% three-month LIBOR interest rate cap pertaining to an additional \$10 million of floating rate debt. The interest rate cap commences one year from now on October 1, 2005 and matures on September 30, 2007. The origination fee in connection with the interest rate cap was \$103,000, which will be amortized over the term of the interest rate cap.

This interest rate swap was entered into pursuant to our \$240 million senior secured credit facility agreement completed on July 1, 2004, which requires us to enter into interest rate agreements within 90 days after the closing of the senior credit facility to substantially fix or hedge the interest rate on at least 50% of our aggregate principal amount of debt for a period of not less than three years. The \$30 million interest rate swap increases the percentage of fixed rate debt above the minimum requirement of 50%. The interest rate cap was not required pursuant to the secured credit facility, but was

considered a prudent purchase by management.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description

10.1	Interest Rate Swap Transaction Agreement among Itron, Inc. and U.S. Bank National Association dated September 29, 2004.
10.2	Rate Cap Transaction Agreement among Itron, Inc. and KeyBank National Association dated September 29, 2004.

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: October 1, 2004

By: /s/ DAVID G. REMINGTON

David G. Remington
Vice President and Chief Financial Officer

EXHIBIT INDEX

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10.2	Rate Cap Transaction Agreement among Itron, Inc. and KeyBank National Association dated September 29, 2004.

September 29, 2004

Itron, Inc.
 Attn: Marc Williams
 2818 N. Sullivan Road
 Spokane, WA 99216
 Ph. (509) 891-3484
 Fax (509) 891-3334

Re: Swap Transaction between U.S. Bank National Association ("Party A") and Itron, Inc. ("Party B")

Ladies/Gentlemen:

The purpose of this letter is to set forth the terms and conditions of the Swap transaction entered into between Party A and Party B on the Trade Date referred to below. This letter constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swap Dealers Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. If Party A and Party B are parties to an Interest Rate and Currency Exchange Agreement that sets forth the general terms and conditions applicable to Swap Transactions between said parties (a "Swap Agreement"), this Confirmation supplements, forms a part of, and is subject to, such Swap Agreement. If Party A and Party B are not yet parties to a Swap Agreement, this Confirmation will supplement, form a part of, and be subject to, provisions contained or incorporated by reference in such Swap Agreement upon its execution by Party A and Party B. All provisions contained or incorporated by reference in such Swap Agreement shall govern this Confirmation, except as modified below. In addition, if a Swap Agreement has not been executed, this Confirmation will itself evidence a complete binding agreement between Party A and Party B as to the terms and conditions of the Swap Transaction to which this Confirmation relates.
2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Type of Transaction:	Interest Rate Swap
Notional Amount:	USD 30,000,000.00
Trade Date:	September 29, 2004
Effective Date:	October 1, 2004
Termination Date:	October 1, 2007, subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Dates:	Beginning December 31, 2004 and thereafter on the last day of each March, June, September and December, subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate:	3.26%
Fixed Rate Day Count Fraction:	Act/360

Floating Rate Payer:	Party A
Floating Rate Payer Payment Dates	Beginning December 31, 2004 and thereafter on the last day of each March, June, September and December, subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate for initial Calculation Period:	2.00563%
Floating Rate Option:	USD-LIBOR-BBA (Telerate 3750)
Floating Rate Day Count Fraction:	Act/360
Designated Maturity:	3 Month
Spread:	None
Reset Dates:	Beginning December 31, 2004 and thereafter on the last day of each March, June, September and December, subject to adjustment in accordance with the Modified Following Business Day Convention.
Reset Business Days:	London
Calculation Agent:	U.S. Bank National Association
Compounding:	Inapplicable
Payments to Fixed Rate Payer:	Credit DDA # (Please Provide)
Payments to Floating Rate Payer:	Debit DDA # (Please Provide)
Payment Business Days:	New York and London

3. In connection with this Confirmation, the Transaction to which this Confirmation relates and any other documentation relating to the Agreement, each party to this Confirmation represents and acknowledges to the other party that:
- i. it has no recourse and is not relying upon any legal, tax, regulatory, accounting or other advice, statements or recommendations (whether written or oral) of the other party regarding such Transaction, other than the written representations expressly made by that other party in the Agreement and in the Confirmations in respect of such Transaction;
 - ii. it has the capacity to evaluate (internally or through independent professional advice) such Transaction (including decisions regarding the appropriateness or suitability of such Transaction) and has made its own decision to enter into such Transaction;
 - iii. it understands the terms, conditions and risks of such transaction and is willing to accept those terms and conditions and to assume (financially and otherwise) those risks;
 - iv. it is entering into such Transaction as principal and not as agent for any other party;
 - v. it acknowledges and agrees that the other party is not acting as a fiduciary or advisor to it in connection with such Transaction;
 - vi. it acknowledges that U.S. Bank National Association has advised counterparty to consult its own tax, accounting and legal advisors in connection with this transaction evidenced by this confirmation and that it has done so; and
 - vii. it is entering into such Transaction for the purpose of managing its borrowings or investments, hedging its underlying assets or liabilities or in connection with a line of business, and not for purposes of speculation.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

U.S. Bank National Association

/s/ Christopher D. Thornton

By: Christopher D. Thornton

Title: Treasury Officer

Accepted and confirmed as of the date first above written:

Itron, Inc.

By: /s/ David G. Remington

Title: VP & CFO

KEYBANK NATIONAL ASSOCIATION

CONFIRMATION

To: ITRON, INC.
 2818 N. SULLIVAN RD.
 SPOKANE, WA 99216

Attn: Marc Williams
 Fax: 509-891-3334

Duplicate
 Confirm to:
 Client ID: 1000349084~MCMANAMON

From: KEYBANK NATIONAL ASSOCIATION
 Date: 30-Sep-04
 Our Ref: 117870/117870

The purpose of this letter agreement is to set forth the terms and conditions of the Swap Transaction entered into between KEYBANK NATIONAL ASSOCIATION and ITRON, INC. on the Trade Date specified below (the "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Swap Agreement specified below.

1. The definitions and provisions contained in the 1991 ISDA Definitions (as supplemented by the 1998 Supplement to the 1991 ISDA Definitions) (the "Definitions") are incorporated into this Confirmation.

If you and we are parties to an ISDA Master Agreement as published by the International Swap Dealers Association, Inc. and the Schedule to such agreement that sets forth the general terms and conditions applicable to Swap Transactions between us (a "Swap Agreement"), this Confirmation supplements, forms a part of, and is subject to, such Swap Agreement. If you and we are not yet parties to a Swap Agreement, this Confirmation will be a complete valid legal binding agreement between us as supplemented by the general terms and conditions set forth in the standard form ISDA Master Agreement copyright 1992 by the International Swap Dealers Association, Inc. ("standard ISDA form"). All provisions contained or incorporated by reference in such Swap Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between this Confirmation and the Definitions or the Swap Agreement or the standard ISDA form if a Swap Agreement has not been entered into between us, this Confirmation will govern.

This Confirmation will be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine, provided that this provision will be superseded by any choice of law provision in the Swap Agreement.

2. This Confirmation constitutes a Rate Cap Transaction under the Swap Agreement and the terms of the Rate Cap Transaction to which this Confirmation relates are as follows:

ITRON, INC.
 Our Ref: 117870/117870

Notional Amount: \$10,000,000.00 USD

Trade Date: 29-Sep-04

Effective Date: 01-Oct-05

Termination Date: 30-Sep-07

Fixed Amounts

Fixed Rate Payer: ITRON, INC.

Fixed Rate Payer

Payment Dates:

Fixed Amount: \$103,000.00

Floating Amounts

Floating Rate Payer: KEYBANK NATIONAL ASSOCIATION

Cap Rate: 4.000 percent per annum

Floating Rate Payer

Payment Dates: Commencing 30-Dec-05 and quarterly thereafter on the 30th calendar day of the month up to and including the Termination Date, subject to adjustment in accordance with Modified Following Business Day Convention.

Floating Rate Option: USD-LIBOR-BBA

Designated Maturity: 3-Month

Spread: None

Floating Rate Day

Count Fraction: Act/360

Reset Dates: The first day of each Floating Rate Payer Calculation Period.

ITRON, INC.
Our Ref: 117870/117870
- - - - -

Calculation Agent:	KEYBANK NATIONAL ASSOCIATION
Business days:	London and New York
Other Terms and Conditions:	Please remit a wire to KeyBank ABA 041001039
Payment Instructions:	Please Provide

Please confirm the foregoing correctly sets forth the terms of our Agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Regards,

KEYBANK NATIONAL ASSOCIATION

By:

/s/ Frank Purnell

Name: Frank Purnell

Accepted and Confirmed as
of the Trade Date

ITRON, INC.

/s/ David G. Remington

Name: David G. Remington, VP & CFO