

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

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FORM 8-K

CURRENT REPORT

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

February 15, 2006

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Date of Report (Date of Earliest Event Reported)

ITRON, INC.

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(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.)

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2818 N. Sullivan Road, Spokane, WA 99216

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(Address of Principal Executive Offices, Zip Code)

(509) 924-9900

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(Registrant's Telephone Number, Including Area Code)

None

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(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 1.01 Entry into a Material Definitive Agreement

On February 15, 2006, the Compensation Committee of the Board of Directors of Itron, Inc. (the Company) approved the following agreements as they pertain to the Company's key executive officers:

- o The Form of Change in Control Agreement for certain of the Company's executive officers providing for compensation and benefit arrangements upon a change in control of the Company. This Change in Control Agreement will replace the existing change in control agreement. Exhibit 10.2 is incorporated herein by reference.
- o Revised Long-Term Performance Plan (LTPP) for senior management and key executive officers to provide for a three-year cliff vesting period. Exhibit 10.20 is incorporated herein by reference.
- o The Form of Restricted Stock Award for use in connection with the Company's LTPP. Exhibit 10.23 is incorporated herein by reference.

The following awards were made under the LTPP to executive officers of

the Company:

Name	Position	Restricted Stock Awards
LeRoy D. Nosbaum	Chief Executive Officer and Chairman of the Board	5,420 shares
Steven M .Helmbrecht	Sr. Vice President and Chief Financial Officer	2,208 shares
Russell N. Fairbanks, Jr.	Sr. Vice President and General Counsel	2,208 shares
Philip C. Mezey	Sr. Vice President, Software Solutions	2,007 shares
Malcolm Unsworth	Sr. Vice President, Hardware Solutions	2,208 shares
Jared P. Serff	Vice President, Competitive Resources	1,646 shares

Other terms of the awards are as described in the LTPP and the related Form of Notice of Restricted Stock Award, which are filed herewith as described above.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Description
10.2	Form of Change in Control Agreement between Itron, Inc. and certain of its executive officers.
10.20	Amended Long-Term Performance Plan dated February 15, 2006.
10.23	Form of Notice of Restricted Stock Award for the Amended Long-Term Performance Plan.

The information presented in this Current Report on Form 8-K contains 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: February 17, 2006

By: /s/ STEVEN M. HELMBRECHT

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

EXHIBIT INDEX

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## CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (this "Agreement"), dated as of \_\_\_\_\_, 2006, is between Itron, Inc., a Washington corporation (the "Company"), and \_\_\_\_\_ (the "Executive").

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to ensure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive arising from the personal uncertainties and risks created by a pending or threatened Change in Control, to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with reasonable compensation and benefits arrangements upon a Change in Control.

In order to accomplish these objectives, the Board has caused the Company to enter into this Agreement with the Executive.

## 1. EMPLOYMENT

## 1.1 Certain Definitions

(a) "Cause" shall mean cause given by the Executive to the Company and shall include the occurrence of one or more of the following events:

(i) Executive's willful injury of the Company, or Executive's breach of fiduciary duty to the Company involving personal profit;

(ii) Conviction of Executive under any applicable criminal law involving the commission of a crime against the Company or any felony;

(iii) Habitual or repeated misuse by Executive of alcohol or controlled substances that materially impairs Executive's ability to perform his duties under this Agreement; or

(iv) Any willful act of Executive involving moral turpitude materially and adversely affecting the business, goodwill or reputation of the Company.

(b) "Change in Control" shall mean:

(i) consummation of an acquisition by any Entity of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"), excluding, however, the following: (a) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege where the security being so converted was not acquired directly from the Company by the party exercising the conversion privilege, (b) any acquisition by the Company, (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Related Company, or (d) a Related Party Transaction;

(ii) a change in the composition of the Board during any two-year period such that the individuals who, as of the beginning of such two-year period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that for purposes of this definition, any individual who becomes a member of the Board subsequent to the beginning of the two-year period, whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; and provided further, however, that any such individual whose initial assumption of office occurs as a result of or in connection with an actual or threatened solicitation of proxies or consents by or on behalf of an Entity other than the Board shall not be considered a member of the Incumbent Board;

(iii) consummation of a merger or consolidation of the Company

with or into any other company or other entity, excluding, in each case, a Related Party Transaction;

(iv) consummation of a statutory share exchange pursuant to which the Company's outstanding shares are acquired or a sale in one transaction or a series of transactions undertaken with a common purpose of at least 50% of the Company's outstanding voting securities, excluding, in each case, a Related Party Transaction; or

(v) consummation of a sale, lease, exchange or other transfer in one transaction or a series of related transactions undertaken with a common purpose of all or substantially all of the Company's assets, excluding, in each case, a Related Party Transaction.

Where a series of transactions undertaken with a common purpose is deemed to be a Change in Control, the date of such Change in Control shall be the date on which the last of such transactions is consummated.

(c) "Change in Control Date" shall mean the first date during the Term of Agreement (as defined in Section 1.1(b)) on which a Change in Control occurs. Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change in Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect the Change in Control or (ii) otherwise arose in connection with or anticipation of the Change in Control, then for all purposes of this Agreement the "Change in Control Date" shall mean the date immediately prior to the date of such termination of employment.

(d) "Entity" shall mean any individual, entity or group (within the meaning of Section 13(d)(3) of the Exchange Act).

(e) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(f) "Good Reason" shall mean the occurrence of any of the following events, without the consent of the Executive:

(i) A demotion or other material reduction in the nature or status of the Executive's responsibilities as contemplated by Section 1.3, excluding for this purpose an isolated and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive; provided that a change in the person or office to which the Executive reports, without a corresponding reduction in duties, status and responsibilities, resulting primarily from organizational changes incident to a merger or acquisition, shall not constitute "Good Reason";

(ii) Any failure by the Company to comply with any of the provisions of Section 3 hereof, other than an isolated and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) The Company's requiring the Executive to be based at any office or location other than that described in Section 1.4 hereof; or

(iv) Any failure by the Company to comply with and satisfy Section 10 hereof, provided that the Company's successor has received at least ten days' prior written notice from the Company or the Executive of the requirements of Section 10 hereof.

(g) "Parent Company" shall mean a company or other entity which as a result of a Change in Control owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries.

(h) "Related Company" shall mean any entity that is directly or indirectly controlled by, in control of or under common control with the Company.

(i) "Related Party Transaction" shall mean a Change in Control pursuant to which:

(i) the Entities who are the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Change in Control will immediately upon the consummation of the Change in Control beneficially own, directly or indirectly, at least 50% of the outstanding shares of common stock, and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Successor Company in substantially the same proportions as their ownership, immediately prior to such Change in Control, of the Outstanding Company Common Stock and Outstanding Company Voting Securities;

(ii) no Entity (other than the Company, any employee benefit plan or related trust of the Company or a Related Company, the Successor Company or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the applicable Change in Control, such Parent Company) will beneficially own, directly or indirectly, 40% or more of, respectively, the outstanding shares of common stock of the Successor Company or the combined voting power of the outstanding voting securities of the Successor Company entitled to vote generally in the election of directors unless such ownership resulted solely from ownership of securities of the Company prior to the Change in Control; and

(iii) individuals who were members of the Incumbent Board will immediately after the consummation of the Change in Control constitute at least a majority of the members of the board of directors of the Successor Company (or, if reference was made to equity ownership of any Parent Company for purposes of determining whether clause (i) above is satisfied in connection with the applicable Change in Control, of the Parent Company).



(j) "Successor Company" shall mean the surviving company, the successor company or Parent Company, as applicable, in connection with a Change in Control.

(k) "Term of Agreement" shall mean an initial period commencing on the date hereof and ending 18 months after the date hereof; provided, however, that commencing on the date that is 12 months after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Term of Agreement shall be automatically extended so as to terminate 18 months from such Renewal Date, unless prior to the Renewal Date the Company shall give notice to the Executive that the Term of Agreement shall not be so extended.

#### 1.2 Post-Change in Control Period

The Company hereby agrees to continue the Executive in its employ or in the employ of its affiliated companies, and the Executive hereby agrees to remain in the employ of the Company, the Successor Company or their affiliated companies, in accordance with the terms and provisions of this Agreement, for the period commencing on the Change in Control Date and ending [one] [two] years after such date (the "Post-Change in Control Period").

#### 1.3 Position and Duties

During the Post-Change in Control Period, the Executive's position, authority, duties and responsibilities shall be reasonably commensurate with the most significant of those held, exercised and assigned at any time during the 90-day period immediately preceding the Change in Control Date.

#### 1.4 Location

During the Post-Change in Control Period, the Executive's services shall be performed at any office located no more than 50 miles from the office where Executive was performing services as of the Change in Control Date.

## 1.5 Employment at Will

The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company or its affiliated companies is "at will" and, prior to the Change in Control Date, may be terminated by either the Executive or the Company or its affiliated companies for any reason and at any time. Moreover, if prior to the Change in Control Date, the Executive's employment with the Company or its affiliated companies terminates for any reason, then the Executive shall have no further rights under this Agreement.

## 1.6 Board of Directors

If the Executive is or becomes a member of the Board, his or her continuation as such shall be subject to the will of the Company's shareholders and the Board, as provided in the Company's bylaws and articles of incorporation. Therefore, removal of the Executive from, or nonelection of the Executive to, the Board by the Company's shareholders or the Board, as provided in the Company's bylaws and articles of incorporation, shall in no event be deemed a breach of this Agreement by the Company nor shall it entitle the Executive to any benefits hereunder.

## 2. ATTENTION AND EFFORT

During the Post-Change in Control Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive will devote his time, attention and effort during normal business hours to the business and affairs of the Company and discharge the responsibilities assigned to him hereunder, and will use his reasonable best efforts to perform such responsibilities faithfully and efficiently. It shall not be a violation of this Agreement for the Executive to (a) serve on corporate, civic or charitable boards or committees, (b) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (c) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities in accordance with this Agreement. It is expressly understood and agreed that to the extent any such activities have been conducted by the Executive prior to the Post-Change in Control Period, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) during the Post-Change in Control Period shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

### 3. COMPENSATION

During the Post-Change in Control Period, the Company agrees to pay or cause to be paid to the Executive, and the Executive agrees to accept in exchange for the services rendered hereunder by him/her, the following compensation:

#### 3.1 Salary

The Executive shall receive an annual base salary (the "Annual Base Salary"), at least equal to the annual base salary established by the Board or the Compensation Committee of the Board (the "Compensation Committee") for the fiscal year in which the Change in Control Date occurs or, if the Executive's annual salary has not been established for such fiscal year prior to the Change in Control Date, then the Annual Base Salary shall be at least equal to the Executive's annual base salary for the preceding fiscal year. The Annual Base Salary shall be paid in substantially equal installments and at the same intervals as the salaries of other officers of the Company are paid. During the Post-Change in Control Period, the Board or the Compensation Committee shall review the Annual Base Salary at least annually and shall determine any increases in future years.

#### 3.2 Bonus

In addition to Annual Base Salary, the Executive shall be awarded an annual bonus in cash at least equal to the maximum annual bonus established for the Executive for the fiscal year in which the Change in Control Date occurs ("Annual Bonus"). If an Annual Bonus has not been established for such fiscal year prior to the Change in Control Date, the Annual Bonus shall be at least \_\_\_\_% of Annual Base Salary. The Annual Bonus in subsequent years of this Agreement shall not be less than the initial Annual Bonus payable hereunder. Each such Annual Bonus shall be paid no later than 60 days after the end of the fiscal year for which the Annual Bonus is awarded, unless the Executive elects to defer the receipt of such Annual Bonus in accordance with applicable terms in any deferred compensation plan executed by the Executive.

#### 3.3 Long Term Performance Plan Awards

If the Executive receives a payout of outstanding awards under the Company's Long Term Performance Plan ("LTTP") in accordance with the change-of-control provisions of the LTTP, then the Executive will receive payouts under the LTTP (or a successor plan) in subsequent years of this Agreement that are no less than such initial payment. Except as provided in Section 6.1, the LTTP award for any year shall be paid to the executive in accordance with the LTTP's terms, as in effect on the Change in Control Date; provided, however, that distributions shall be made in shares of the Successor Company (if Company stock ceases to be publicly traded on or after the Change in Control Date).

#### 4. BENEFITS

##### 4.1 Incentive, Retirement and Welfare Benefit Plans; Vacation

During the Post-Change in Control Period, the Executive shall be entitled to participate in the fringe benefit programs provided by the Successor Company to its similarly situated executives. If, however, when considered in the aggregate, such fringe benefit programs are of less value to the Executive than the Company's fringe benefit programs in effect immediately prior to the Change in Control Date, then the Executive shall be entitled to the same fringe benefits as the Executive was eligible for immediately prior to the Change in Control Date (or, at the election of the Successor Company, to monthly cash payments equal to the difference in value (grossed up for applicable taxes with respect to those fringe benefits that would not have been includible in the Executive's taxable income) between the benefits actually provided to the Executive by the Successor Company for such month and the monthly fringe benefits for which the Executive was eligible immediately prior to the Change in Control Date), including, without limitation, paid vacations; any incentive, savings and retirement plan, practice, policy or program; and all welfare benefit plans, practices, policies and programs (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs).

##### 4.2 Expenses

During the Post-Change in Control Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable employment expenses incurred by him/her in accordance with the policies, practices and procedures of the Company and its affiliated companies in effect for the executives of the Company and its affiliated companies during the Post-Change in Control Period.

#### 5. TERMINATION

Employment of the Executive during the Post-Change in Control Period may be terminated as follows:

##### 5.1 By the Company or the Executive

Upon giving Notice of Termination (as defined below), the Company may terminate the employment of the Executive with or without Cause, and the Executive may terminate his or her employment for Good Reason or for any reason, at any time during the Post-Change in Control Period.

## 5.2 Automatic Termination

This Agreement and the Executive's employment during the Post-Change in Control Period shall terminate automatically upon the death or Total Disability of the Executive. The term "Total Disability" as used herein shall mean the Executive's inability (with or without such accommodation as may be required by law and which places no undue burden on the Company), as determined by a physician selected by the Company and acceptable to the Executive, to perform the duties set forth hereunder for a period or periods aggregating 120 calendar days in any 12-month period as a result of physical or mental illness, loss of legal capacity or any other cause beyond the Executive's control, unless the Executive is granted a leave of absence by the Board.

## 5.3 Notice of Termination

Any termination by the Company or by the Executive during the Post-Change in Control Period shall be communicated by Notice of Termination to the other party given in accordance with Section 10 hereof. The term "Notice of Termination" shall mean a written notice which (a) indicates the specific termination provision in this Agreement relied upon and (b) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

## 5.4 Date of Termination

During the Post-Change in Control Period, the term "Date of Termination" shall mean (a) if the Executive's employment is terminated by reason of death, at the end of the calendar month in which the Executive's death occurs, (b) if the Executive's employment is terminated by reason of Total Disability, immediately upon a determination by the Company of the Executive's Total Disability, and (c) in all other cases, ten days after the date of mailing or personal delivery of the Notice of Termination. The Executive's employment and performance of services will continue during such ten-day period; provided, however, that the Company may, upon notice to the Executive and without reducing the Executive's compensation during such period, excuse the Executive from any or all of his or her duties during such period.

## 6. TERMINATION PAYMENTS

In the event of termination of the Executive's employment during the Post-Change in Control Period, all compensation and benefits set forth in this Agreement shall terminate except as specifically provided in this Section 6.

### 6.1 Termination by the Company for Other Than Cause or by the Executive for Good Reason

If the Company terminates the Executive's employment other than for Cause or the Executive terminates his or her employment for Good Reason prior to the end of the Post-Change in Control Period, the Executive shall be entitled to:

(a) receive payment of the following accrued obligations (the "Accrued Obligations"):

(i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid;

(ii) the product of (x) the Annual Bonus payable with respect to the fiscal year in which the Date of Termination occurs and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365; and

(iii) any compensation previously deferred by the Executive (adjusted for any earnings, gains or losses allocated thereto) as such deferred compensation becomes payable under the deferral plan pursuant to which such compensation was deferred, and any accrued vacation pay, in each case to the extent not theretofore paid;

(b) for a period of 18 months after the Date of Termination, or if less, until such time as COBRA continuation coverage under the Successor Company's group health insurance plan ceases to be available to the Executive and his/her family, payment or reimbursement of the premiums for any COBRA continuation coverage elected by the Executive and his/her family under the Successor Company's group health insurance plan;

(c) for a period of 24 months after the Date of Termination, payment or reimbursement of any premiums (and any income taxes payable by the Executive on such payments or reimbursements) for any individual life insurance policy on the Executive's life resulting from the Executive's conversion of his/her coverage under the Successor Company's group-term life insurance plan to such policy; and

(d) subject to adjustment as provided in Section 6.5, an amount as severance pay equal to the product of (i) [one] [two] [three] and (ii) the sum of the Executive's (x) Annual Base Salary, (y) Annual Bonus payable for the fiscal year in which the Date of Termination occurs, and (z) the payout received by the Executive (or to which the Executive is entitled) under Section 3.3 above for the year in which the Change in Control Date occurs. Severance pay under this paragraph (d) shall be paid in a lump sum within two and one-half (2 1/2) months after the Date of Termination.

Stock options granted to the Executive will vest and be exercisable in accordance with the terms of the applicable grant and the applicable Stock Option Plan; and outstanding awards under the LTPP will vest and be paid out in accordance with the terms of the LTPP.

#### 6.2 Termination for Cause or Other Than for Good Reason

If the Executive's employment shall be terminated by the Company for Cause or by the Executive for other than Good Reason during the Post-Change in Control Period, this Agreement shall terminate without further obligation to the Executive other than the obligation to pay to the Executive his or her Annual Base Salary through the Date of Termination plus the amount of any compensation previously deferred by the Executive (adjusted for any earnings, gains or losses allocated thereto), in each case to the extent theretofore unpaid. Payments of any compensation previously deferred by the Executive (and any related earnings, gains and losses) will be made in accordance with the terms of the deferral plan pursuant to which such compensation was deferred.

#### 6.3 Expiration of Term

In the case of a termination of the Executive's employment as a result of the expiration of the term of this Agreement, the Executive shall not be entitled to receive any payments hereunder, other than the Accrued Obligations.

#### 6.4 Termination Because of Death or Total Disability

If the Executive's employment is terminated by reason of the Executive's death or Total Disability during the Post-Change in Control Period, this Agreement shall terminate automatically without further obligations to the Executive or his or her legal representatives under this Agreement, other than for payment of Accrued Obligations (which shall be paid to the Executive's estate or beneficiary, as applicable in the case of the Executive's death).

#### 6.5 Excise Taxes

(a) In the event that the Executive becomes entitled to the payments or other benefits described in Section 6.1 hereof and the Executive becomes subject to the tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision (the "Excise Tax") as a result of such payments and benefits and any other payments or benefits from the Company required to be taken into account under Code Section 280G(b)(2) (collectively, "Parachute Payments"), the Company shall pay to Executive an additional amount (the "Make-Whole Payment") equal to the sum of (i) the Excise Tax payable to the Executive prior to the Make-Whole Payment and (ii) the Federal, state and local income tax and Excise Tax (including any interest or penalties thereon) payable upon all payments made under subparagraphs (i) and (ii) of this Section 6.5(a). Notwithstanding the foregoing, if reducing the payment due to the Executive under Section 6.1 by up to five percent (5%) would not subject the Executive to the Excise Tax, then the Company may reduce the payment to the Executive by such amount (not to exceed five percent (5%)) as would not subject the Executive to the Excise Tax.

(b) All determinations required to be made under this Section 6.5, including whether the Executive has received a Parachute Payment, shall be made by the Company's independent tax advisor (the "Tax Advisor") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that the Executive has received a payment under Section 6.1, or such earlier time as is requested by the Company. In the event that the Tax Advisor is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another recognized independent tax advisor to make the determinations required hereunder (which independent tax advisor shall then be referred to as the Tax Advisor hereunder). All fees and expenses of the Tax Advisor shall be borne solely by the Company. If the Tax Advisor determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. As promptly as practicable following such determination, the Company shall pay to or distribute for the benefit of the Executive such payments as are then due to the Executive under this Agreement. Any determination by the Tax Advisor shall be binding upon the Company and Executive.

(c) The Executive shall promptly pay to the Company any refunds of Excise Tax received by the Executive. The Company shall promptly reimburse the Executive for any additional federal, state or local taxes incurred by the Executive as a result of any payments to the Executive pursuant to Section 6.5(b).

#### 6.6 Payment Schedule

Unless otherwise provided herein, all payments under this Section 6 shall be made to the Executive at the same intervals as such payments were made to him/her immediately prior to termination.



7. REPRESENTATIONS, WARRANTIES AND OTHER CONDITIONS

In order to induce the Company to enter into this Agreement, the Executive represents and warrants to the Company as follows:

7.1 Health

The Executive is in good health and knows of no physical or mental disability which, with or without any accommodation which may be required by law and which places no undue burden on the Company, would prevent him/her from fulfilling his or her obligations hereunder.

7.2 No Violation of Other Agreements

The Executive represents that neither the execution nor the performance of this Agreement by the Executive will violate or conflict in any way with any other agreement by which the Executive may be bound.

8. NOTICE AND CURE OF BREACH

Whenever a breach of this Agreement by either party is relied upon as justification for any action taken by the other party pursuant to any provision of this Agreement, other than any action that constitutes "Cause" under this Agreement, before such action is taken, the party asserting the breach of this Agreement shall give the other party at least ten days' prior written notice of the existence and the nature of such breach before taking further action hereunder and shall give the party purportedly in breach of this Agreement the opportunity to correct such breach during the ten-day period.

9. FORM OF NOTICE

Every notice required by the terms of this Agreement shall be given in writing by serving the same upon the party to whom it was addressed personally or by registered or certified mail, return receipt requested, at the address set forth below or at such other address as may hereafter be designated by notice given in compliance with the terms hereof:

If to the Executive:

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If to the Company:

Itron, Inc.  
2818 N. Sullivan Road  
Spokane, Washington 99215  
Attn: General Counsel

or such other address as shall be provided in accordance with the terms hereof. Except as set forth in Section 5.4 hereof, if notice is mailed, such notice shall be effective upon mailing.

#### 10. ASSIGNMENT

This Agreement is personal to the Executive and shall not be assignable by the Executive. The Company may assign its rights hereunder to (a) any corporation resulting from any merger, consolidation or other reorganization to which the Company is a party or (b) any corporation, partnership, association or other person to which the Company may transfer all or substantially all of the assets and business of the Company existing at such time. All the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean Itron, Inc. and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

#### 11. WAIVERS

No delay or failure by any party hereto in exercising, protecting or enforcing any of its rights, titles, interests or remedies hereunder, and no course of dealing or performance with respect hereto, shall constitute a waiver thereof. The express waiver by a party hereto of any right, title, interest or remedy in a particular instance or circumstance shall not constitute a waiver thereof in any other instance or circumstance. All rights and remedies shall be cumulative and not exclusive of any other rights or remedies.

#### 12. AMENDMENTS IN WRITING

No amendment, modification, waiver, termination or discharge of any provision of this Agreement, nor consent to any departure therefrom by either party hereto, shall in any event be effective unless the same shall be in writing, specifically identifying this Agreement and the provision intended to be amended, modified, waived, terminated or discharged and signed by the Company and the Executive, and each such amendment, modification, waiver, termination or discharge shall be effective only in the specific instance and for the specific purpose for which given. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance or any other matter not set forth in an agreement in writing and signed by the Company and the Executive.

### 13. SECTION 409A OF THE CODE

Notwithstanding any other provision of this Agreement, the Company and the Executive intend that any payments, benefits or other provisions applicable to this Agreement comply with the payout and other limitations and restrictions imposed under Section 409A of the Code ("Section 409A"), as clarified or modified by guidance from the U.S. Department of Treasury or the Internal Revenue Service - in each case if and to the extent Section 409A is otherwise applicable to this Agreement and such compliance is necessary to avoid the penalties otherwise imposed under Section 409A. In this connection, the Company and the Executive agree that the payments, benefits and other provisions applicable to this Agreement, and the terms of any deferral and other rights regarding this Agreement, shall be deemed modified if and to the extent necessary to comply with the payout and other limitations and restrictions imposed under Section 409A, as clarified or supplemented by guidance from the U.S. Department of Treasury or the Internal Revenue Service - in each case if and to the extent Section 409A is otherwise applicable to this Agreement and such compliance is necessary to avoid the penalties otherwise imposed under Section 409A..

### 14. APPLICABLE LAW

This Agreement shall in all respects, including all matters of construction, validity and performance, be governed by, and construed and enforced in accordance with, the laws of the State of Washington, without regard to any rules governing conflicts of laws.

### 15. SEVERABILITY

If any provision of this Agreement shall be held invalid, illegal or unenforceable in any jurisdiction, for any reason, including, without limitation, the duration of such provision, its geographical scope or the extent of the activities prohibited or required by it, then, to the full extent permitted by law, (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intent of the parties hereto as nearly as may be possible, (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision hereof, and (c) any court or arbitrator having jurisdiction thereover shall have the power to reform such provision to the extent necessary for such provision to be enforceable under applicable law.

16. ENTIRE AGREEMENT

This Agreement on and as of the date hereof constitutes the entire agreement between the Company and the Executive with respect to Executive's duties and benefits upon and after a Change in Control and any other subject matters addressed herein. All prior or contemporaneous oral or written communications, understandings or agreements between the Company and the Executive with respect to such subject matters, are hereby superseded and nullified in their entireties. Any and all future oral or written communications, understandings or agreements between the Company and the Executive with respect to such subject matter shall not alter, amend, expand or otherwise change the duties and benefits provided herein, unless in compliance with the requirements of Paragraph 12 herein.

17. WITHHOLDING

The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

18. COUNTERPARTS

This Agreement may be executed in counterparts, each of which counterpart shall be deemed an original, but all of which together shall constitute one and the same Instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date set forth above.

EXECUTIVE

-----

ITRON, INC.

By:

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Name:

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Title:

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ITRON

KNOWLEDGE TO SHAPE YOUR FUTURE

LONG-TERM PERFORMANCE PLAN  
SPECIFICATIONS & GUIDELINES

ITRON, INC.

AMENDED BY THE  
COMPENSATION COMMITTEE OF  
THE BOARD OF DIRECTORS ON  
FEBRUARY 16, 2005, AUGUST 1, 2005  
AND FEBRUARY 15, 2006

This document constitutes part of a prospectus for securities that have been registered under the Securities Exchange Act of 1933, as amended, and supplements a Plan Summary dated May 28, 2004 for the Itron, Inc. Amended and Restated 2000 Stock Incentive Plan.

#### Purpose

Long-term incentives serve to align, motivate and reward executives for their contributions to the long-term financial success and growth of the Company. The objectives for the Long-Term Performance Plan (or LTPP) are to:

- o Provide a greater long-term orientation and competitiveness to total compensation for Itron executives, by establishing a performance-based component, paid out in Itron restricted stock;
- o Align individual executive rewards with shareholder value over a long-term period, based on the achievement of predetermined annual objectives whose achievement will be rewarded with Itron restricted stock to be vested after a three-year waiting period; and
- o Enable Itron to meet competitive total compensation needs in attracting and retaining critical executive talent.

#### Overview

The Long-Term Performance Plan provides performance awards that are contingent on the attainment of annual performance goals. The length of each performance period will be one year, unless the Compensation Committee of the Board of Directors provides otherwise. At the beginning of the performance period, goals are established which are designed to measure the degree of business success over the timeframe. The Compensation Committee reviews and approves goals that are recommended by management. At the end of the period, performance against the goals is assessed and payouts are determined.

Business results for Itron will be measured over the performance period. Payouts will be in restricted Itron shares and, unless the Compensation Committee determines otherwise in its sole discretion with respect to an award granted to a particular participant, awards will vest at the end of a three-year period. This vesting period will both serve as an executive retention tool and tie executive performance to shareholder value.

#### Eligibility

Eligibility for the plan will include senior management and key executives who impact organization-wide results. Actual participation will be based on recommendation by the Chief Executive Officer and approval by the Compensation Committee. Current plan participants are recapped in the attached appendix. Other executives may be eligible for future awards, upon recommendation of the Chief Executive Officer and approval by the Compensation Committee.

Participation in the Long-Term Performance Plan for a given period will not be

construed to confer a right to participate in the plan in any subsequent period, or the right to continue in the Company's employment.

#### Award Opportunities

Award opportunities will be established for each executive at the beginning of the performance period. Awards will be calculated as a percentage of base salary that is in existence on the last day of the performance period and expressed as a dollar amount. Award opportunities will increase or decrease as performances goes beyond or falls short of the performance objectives for that performance period.

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In addition, threshold and maximum award levels will be established as a percent of the LTPP Target.

Annually, Itron establishes a Target Annual Plan (TAP) for the coming year. Goals, financial and otherwise, as established in the TAP do not necessarily reflect the same goals that will be used for the LTPP.

#### Performance Measurement

At the beginning of each performance period, the Chief Executive Officer will recommend and communicate the specific range of performance objectives for the Company to the Compensation Committee. The goals and the key performance factors will be reviewed and approved by the Compensation Committee.

#### Performance Measures

Performance objectives will be set on the basis of corporate plans for the following performance period, condition of the utility industry and competitive performance in the market place. In the process of determining appropriate LTPP goals, consideration will be given to proposed acquisitions, financing and other major issues that could have material impact on the financial performance of the Company. Typical performance measures may include but are not limited to: Revenue Growth, Earnings Growth, Cash Flow, Return on Capital Employed, Net Operating Profit after Tax, Normalized Earnings per Share or a combination of measures.

#### Performance Weighting

Corporate performance will determine 100% of the award for all plan participants. Performance for other organization levels, i.e. business unit, product group, etc., may be included in future performance periods.

#### Performance/Payout Relationship

A range of performance levels -- including threshold, LTPP Target, and maximum -- and associated payouts will be established at the beginning of the performance period. As well, in any performance period performance hurdles could be established. At the end of each performance period, Itron's actual performance against the goals established for that performance period will be assessed and the resulting payouts determined.

Performance and payout opportunity will be expressed as a percentage of the LTPP Target Award. For example, achieving 100% of the performance goals would result in participants receiving 100% of the LTPP Target Award.

Payouts will be linearly interpolated for performance achievement between the indicated levels. The Compensation Committee may use discretion to set threshold levels and determine final award payouts.

#### Pro forma Results

In calculating performance attainment, pro forma results will generally be used. Pro forma results, as defined, will be GAAP numbers adjusted for IPR&D, amortization of intangibles, restructuring charges and other extraordinary events subject to approval by the Compensation Committee of the Board. Adjustments to GAAP for the purpose of pro forma results will be discussed with the Compensation Committee at the time of the event and confirmed by the Compensation Committee at its next scheduled meeting.

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Payouts

Payouts will be announced as soon after the end of the performance period as practical, and be in the form of restricted stock with a three-year cliff vesting period. The number of shares of restricted stock to be paid out to participants will be determined by dividing the dollar amount of the award payout by the fair market value of Itron common stock on the date the Compensation Committee approves the payout.

The dollar amount of the award payout will be a percentage of the eligible employee's base pay as shown below in one of three tiers. Base pay will be the employee's annual salary as of the last day of the performance period. The tier structure can be changed at the recommendation of the Chief Executive Officer and the approval of the Compensation Committee of the Board of Directors.

TIER	POSITION	% OF BASE SALARY
Tier I	Chairman & Chief Executive Officer	75%
	President & Chief Operating Officer	75%
Tier II	Sr. Vice President and Chief Financial Officer	50%
	Sr. Vice President and General Counsel	50%
	Sr. Vice President Hardware	50%
	Sr. Vice President Software	50%
	Vice President Competitive Resources	50%
	Vice President Investor Relations	50%
	Vice President International	50%
	Vice President Marketing	50%
Tier III	Others as Defined	25%

## New Participants

An employee hired into an eligible position during a performance period may begin participation in the subsequent performance period or, at the recommendation of the Chief Executive Officer and approval by the Compensation Committee, in the ongoing performance period. New participants permitted to join an ongoing performance period will be eligible to receive a prorated payout based on the number of full months worked during the performance period. New participants in the plan will be nominated by the Chief Executive Officer and approved by the Compensation Committee.

## Changes in Employment

Participants who terminate employment during a performance period for any reason including termination for Cause (as defined in the Company's Amended and Restated 2000 Stock Incentive Plan), voluntary termination, discharge by the Company, death, disability, or retirement will forfeit their award payment for that performance period.

Unless the Compensation Committee determines otherwise in its sole discretion with respect to an award granted to a particular participant, participants who, during a vesting period for restricted stock issued in connection with a prior performance period, terminate employment for any reason, including termination for Cause, voluntary termination, discharge by the Company, death, disability, or retirement, will forfeit their entire unvested award payment(s).

## Change-of-Control

All outstanding awards will be accelerated and paid out at maximum levels immediately prior to a change-of-control of the Company and payout will be in the form of fully vested shares of Itron common stock. In addition, any outstanding unvested restricted stock issued in connection with a prior performance period will accelerate in full immediately prior to a change-of-control of the Company. "Change-of-control" will be consistent with the language in the Company's standard change of control agreements in effect at the time.

## Tax Consequences

Participants will not be deemed to receive income at the time an award is granted. Likewise, participants will not be deemed to receive income at the time an award is paid in shares of restricted stock. However, participants will generally recognize taxable ordinary income when the restricted stock ceases to be subject to restrictions in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for the shares. Within 30 days after a participant receives the restricted stock, the participant may elect (83(b) Election) under Section 83(b) of the Internal Revenue Code of 1986 (Code) to recognize taxable ordinary income in an amount equal to the excess of the fair market value of the restricted stock at the time of receipt over the amount, if any, paid for the shares. If a participant makes an 83(b) Election, when the restrictions on the restricted stock lapse, the participant will not have to recognize any additional income at that time. However, if a participant has to forfeit the restricted stock to Itron (e.g., upon termination prior to expiration of the restriction period), the participant may not deduct the income recognized at the time of receipt of the restricted stock, and the participant will have a capital loss equal to the amount, if any, paid for the shares.

The Company will be entitled to a deduction at the same time and in the same amount as a participant recognizes ordinary income, subject to certain limitations on deductions for compensation under Section 162(m) of the Code.

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This is only a brief summary of the U.S. federal income tax laws and regulations that apply to an award under the plan. Participants should not rely on this summary for a complete statement of such laws and regulations. The tax laws and regulations are complex and are subject to legislative changes. In addition, circumstances peculiar to certain individuals may change the usual income tax results. FOR THESE REASONS, PARTICIPANTS SHOULD CONSULT A TAX ADVISOR TO DETERMINE THE INCOME TAX CONSEQUENCES OF AN AWARD UNDER THE PLAN.

#### Governance

Senior management and the Compensation Committee will be responsible for the administration and governance of the plan. The decisions of the Committee shall be conclusive and binding on all participants.

#### Amendment, Modification, or Termination of the Plan

Itron, by action of its Board of Directors and/or Compensation Committee, reserves the right to amend, modify, or terminate the plan at any time.

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## ITRON, INC.

NOTICE OF RESTRICTED STOCK AWARD  
AMENDED AND RESTATED 2000 STOCK INCENTIVE PLAN

Date: \_\_\_\_\_, 2006

To: \_\_\_\_\_

You have been granted an award of restricted stock (the "Restricted Stock Award") by Itron, Inc. (the "Company") in connection with a payout under the Company's Long-Term Performance Plan. This Restricted Stock Award is subject to the terms of the enclosed Restricted Stock Award Agreement and the Company's Amended and Restated 2000 Stock Incentive Plan (the "Plan"). Except as expressly provided otherwise in the Restricted Stock Award Agreement, the Restricted Stock Award is limited by and subject to the express terms and conditions of the Plan. Defined terms in the Plan have the same meanings in this Notice of Restricted Stock Award, except where the context otherwise requires. By accepting this Restricted Stock Award, you accept it subject to the terms of this Notice of Restricted Stock Award and the enclosed Restricted Stock Award Agreement.

The basic terms of the Restricted Stock Award are summarized as follows:

1. Number of Shares: \_\_\_\_\_
2. Grant Date: \_\_\_\_\_
3. Fair Market Value Per Share (Informational, for tax purposes): \_\_\_\_\_
4. Vesting:

The shares subject to the Restricted Stock Award vest three years from the Grant Date. Prior to such vesting date, the shares are considered unvested shares and will be forfeited to the Company if you terminate employment for any reason prior to expiration of the three-year vesting period, except as otherwise provided in Section 5 of the Restricted Stock Award Agreement.

-1-

## ITRON, INC.

## RESTRICTED STOCK AWARD AGREEMENT

In connection with a payout under the Itron, Inc. (the "Company") Long-Term Performance Plan (the "LTTP") and pursuant to your Notice of Restricted Stock Award (the "Grant Notice"), the Company has granted you an award of restricted stock (the "Restricted Stock Award") under its Amended and Restated 2000 Stock Incentive Plan (the "Plan") for the number of shares of the Company's Common Stock indicated in your Grant Notice. The Grant Notice, the Plan and this Restricted Stock Award Agreement (this "Agreement") govern the terms of the award. Capitalized terms not explicitly defined in this Agreement but defined in the Plan have the same definitions as in the Plan.

## 1. Vesting

Shares that have vested and are no longer subject to forfeiture according to the vesting schedule set forth in the Grant Notice are referred to herein as "Vested Shares." Shares that are not vested and remain subject to forfeiture under the preceding schedule are referred to herein as "Unvested Shares." The Unvested Shares will vest (and to the extent so vested cease to be Unvested Shares remaining subject to forfeiture) in accordance with the vesting schedule set forth in the Grant Notice. Collectively, the Unvested Shares and the Vested Shares are referred to herein as the "Shares."

## 2. Transfer Restrictions

Any sale, transfer, assignment, encumbrance, pledge, hypothecation,

conveyance in trust, gift, transfer by bequest, devise or descent, or other transfer or disposition of any kind, whether voluntary or by operation of law, directly or indirectly, of Unvested Shares will be strictly prohibited and void; provided, however, that such restrictions on transfer will not apply to a gratuitous transfer of the Shares provided that you obtain the Company's prior written consent to such transfer.

3. Status of Participant

You will be recorded as a shareholder of the Company with respect to the Shares.

4. Securities Law Compliance

4.1 You represent and warrant that you (a) have been furnished with all information which you deem necessary to evaluate the merits and risks of receipt of the Shares, (b) have had the opportunity to ask questions and receive answers concerning the information received about the Shares and the Company, and (c) have been given the opportunity to obtain any additional information you deem necessary to verify the accuracy of any information obtained concerning the Shares and the Company.

4.2 You hereby agree that you will in no event sell or distribute all or any part of the Shares unless (a) there is an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws covering any such transaction involving the Shares or (b) the Company receives an opinion of your legal counsel (concurring in by legal counsel for the Company) stating that such transaction is exempt from registration or the Company otherwise satisfies itself that such transaction is exempt from registration. You understand that the Company has no obligation to you to register the Shares with the Securities and Exchange Commission and has not represented to you that it will so register the Shares.

4.3 You confirm that you have been advised, prior to your receipt of the Shares, that neither the offering of the Shares nor any offering materials have been reviewed by any administrator under the Securities Act or any other applicable securities act.

4.4 You hereby agree to indemnify the Company and hold it harmless from and against any loss, claim or liability, including attorneys' fees or legal expenses, incurred by the Company as a result of any breach by you of, or any inaccuracy in, any representation, warranty or statement made by you in this Agreement or the breach by you of any terms or conditions of this Agreement.

## 5. Termination of Employment; Change of Control

### 5.1 Termination of Employment

Except as provided in Section 5.2 below, if your employment terminates during the Shares' three-year vesting period for any reason, including termination by reason of voluntary termination, discharge by the Company, death, Disability, Retirement or for Cause, the Unvested Shares will be forfeited to the Company.

### 5.2 Change of Control

Upon a Change of Control (as defined in the Company's standard Change of Control Agreement in effect at the time), any Unvested Shares will accelerate in vesting and no longer be subject to forfeiture.

## 6. Section 83(b) Election for Restricted Stock Award; Independent Tax Advice

You understand that under Section 83(a) of the Internal Revenue Code of 1986 (the "Code"), the fair market value of the Unvested Shares on the date the forfeiture restrictions lapse will be taxed, on the date such forfeiture restrictions lapse, as ordinary income subject to payroll and withholding tax and tax reporting, as applicable. For this purpose, the term "forfeiture restrictions" means the right of the Company to receive back any Unvested Shares upon termination of your employment with the Company. You understand that you may elect under Section 83(b) of the Code to be taxed at ordinary income rates on the fair market value of the Unvested Shares at the time they are acquired, rather than when and as the Unvested Shares cease to be subject to the forfeiture restrictions. Such election (an "83(b) Election") must be filed with the Internal Revenue Service within 30 days from the grant date of the Restricted Stock Award.

You understand that there are significant risks associated with the decision to make an 83(b) Election. If you make an 83(b) Election and the Unvested Shares are subsequently forfeited to the Company, you will not be entitled to a deduction for any ordinary income previously recognized as a result of the 83(b) Election. If you make an 83(b) Election and the value of the Unvested Shares subsequently declines, the 83(b) Election may cause you to recognize more compensation income than you would have otherwise recognized. On the other hand, if the value of the Unvested Shares increases and you have not made an 83(b) Election, you may recognize more compensation income than you would have if you had made the election.

THE FORM FOR MAKING AN 83(b) ELECTION IS ATTACHED TO THIS AGREEMENT AS EXHIBIT B. YOU UNDERSTAND THAT, IF YOU DECIDE TO MAKE AN 83(b) ELECTION, IT IS YOUR RESPONSIBILITY TO FILE SUCH AN ELECTION WITH THE INTERNAL REVENUE SERVICE AND THAT FAILURE TO FILE SUCH AN ELECTION WITHIN THE 30-DAY PERIOD MAY RESULT IN THE RECOGNITION OF ORDINARY INCOME BY YOU AS THE FORFEITURE RESTRICTIONS LAPSE. You further understand that an additional copy of such election form should be filed with your federal income tax return for the calendar year in which the date of this Agreement falls. You acknowledge that the foregoing is only a summary of the federal income tax laws that apply to the award of the Shares under this Agreement and does not purport to be complete. YOU FURTHER ACKNOWLEDGE THAT THE COMPANY HAS DIRECTED YOU TO SEEK INDEPENDENT ADVICE REGARDING THE APPLICABLE PROVISIONS OF THE CODE AND THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH YOU MAY RESIDE.

You agree to execute and deliver to the Company with this Agreement a copy of the Acknowledgment and Statement of Decision Regarding Section 83(b) Election (the "Acknowledgment") attached hereto as Exhibit A. You further agree that if you choose to make an 83(b) Election with the Internal Revenue Service, you will also deliver to the Company with this signed Agreement a signed copy of the 83(b) Election.

You acknowledge that determining the actual tax consequences to you of receiving or disposing of the Shares may be complicated. These tax consequences will depend, in part, on your specific situation and may also depend on the resolution of currently uncertain tax law and other variables not within the control of the Company. You are aware that you should consult a competent and independent tax advisor for a full understanding of the specific tax consequences to you of receiving or disposing of the Shares. Prior to executing this Agreement, you either have consulted with a competent tax advisor independent of the Company to obtain tax advice concerning the Shares in light of your specific situation or have had the opportunity to consult with such a tax advisor but have chosen not to do so.

7. Book Entry Registration of the Shares

The Company will issue the Shares by registering the Shares in book entry form with the Company's transfer agent in your name and the applicable restrictions will be noted in the records of the Company's transfer agent and in the book entry system. No certificate(s) representing all or a part of the Shares will be issued until the Shares become Vested Shares.

8. Stop-Transfer Notices

You understand and agree that, in order to ensure compliance with the restrictions referred to in this Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records. The Company will not be required to (a) transfer on its books any Shares that have been sold or transferred in violation of the provisions of this Agreement or (b) treat as the owner of the Shares, or otherwise accord voting, dividend or liquidation rights to, any transferee to whom the Shares have been transferred in contravention of this Agreement.

9. Tax Withholding

As a condition to the removal of restrictions from your Vested Shares registered in book entry form with the Company's transfer agent, you agree to make arrangements satisfactory to the Company for the payment of any federal, state, local or foreign withholding tax obligations that arise either upon receipt of the Shares or as the forfeiture restrictions on any Shares lapse. You may satisfy such withholding obligations by any of the following means or a combination thereof: (a) paying cash; (b) electing to have the Company withhold shares of Common Stock (up to the employer's minimum tax withholding rate); or (c) transferring to the Company shares of Common Stock (already owned by you for the period necessary to avoid a charge to the Company's earnings for financial reporting purposes). Notwithstanding the previous sentence, you acknowledge and agree that the Company and any Related Corporation has the right to deduct from payments of any kind otherwise due to you any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to the Restricted Stock Award.

10. General Provisions

10.1 Notices

Whenever any notice is required or permitted hereunder, such notice must be in writing and personally delivered or sent by mail. Any notice required or permitted to be delivered hereunder will be deemed to be delivered on the date on which it is personally delivered, or, whether actually received or not, on the third business day after it is deposited in the United States mail, certified or registered, postage prepaid, addressed to the person who is to receive it at the address that such person has theretofore specified by written notice delivered in accordance herewith. You or the Company may change, by written notice to the other, the address previously specified for receiving notices. Notices delivered to the Company should be addressed as follows:

Company: Itron, Inc.  
Attn: General Counsel  
2818 N. Sullivan Road  
Spokane, WA 99216



10.2 No Waiver

No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

10.3 Undertaking

You hereby agree to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either you or the Shares pursuant to the express provisions of this Agreement.

10.4 Entire Contract

This Agreement, the LTPP, the Grant Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof and supersede all prior oral or written agreements on the subject. This Agreement is made pursuant to the provisions of the Plan and will in all respects be construed in conformity with the express terms and provisions of the Plan.

10.5 Successors and Assigns

The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and you and your legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

10.6 Counterparts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but which, upon execution, will constitute one and the same instrument.

10.7 Governing Law

The provisions of the Grant Notice and this Agreement will be governed by the laws of the state of Washington, without giving effect to principles of conflicts of law.

IN WITNESS WHEREOF, the parties have executed this Agreement dated as of \_\_\_\_\_, 200\_\_.

ITRON, INC.

By: -----

Name: -----

Title: -----

[NAME OF EMPLOYEE]

-----  
Recipient's Signature

EXHIBIT A

ACKNOWLEDGMENT AND STATEMENT OF DECISION REGARDING SECTION 83(b) ELECTION

The undersigned, a recipient of \_\_\_\_\_ shares of common stock of Itron, Inc., a Washington corporation (the "Company"), pursuant to a restricted stock award granted under the Company's Amended and Restated 2000 Stock Incentive Plan (the "Plan"), hereby states as follows:

1. The undersigned acknowledges receipt of a copy of the Restricted Stock Award Agreement and the Plan relating to the offering of such shares. The undersigned has carefully reviewed the Plan and the Restricted Stock Award Agreement pursuant to which the award was granted.

2. The undersigned either (check and complete as applicable)

(a) has consulted, and has been fully advised by, the undersigned's own tax advisor, \_\_\_\_\_, whose business address is \_\_\_\_\_, regarding the federal, state and local tax consequences of receiving shares under the Plan, and particularly regarding the advisability of making an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and pursuant to the corresponding provisions, if any, of applicable state law, or

(b) has knowingly chosen not to consult such a tax advisor.

3. The undersigned hereby states that the undersigned has decided (check as applicable)

(a) to make an election pursuant to Section 83(b) of the Code, and is submitting to the Company, together with the undersigned's executed Restricted Stock Award Agreement, an executed form entitled "Election Under Section 83(b) of the Internal Revenue Code of 1986", or

(b) not to make an election pursuant to Section 83(b) of the Code.

4. Neither the Company nor any subsidiary or representative of the Company has made any warranty or representation to the undersigned with respect to the tax consequences of the undersigned's acquisition of shares under the Plan or of the making or failure to make an election pursuant to Section 83(b) of the Code or the corresponding provisions, if any, of applicable state law.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Recipient

\_\_\_\_\_  
Print Name

EXHIBIT B

ELECTION UNDER SECTION 83(b)  
OF THE INTERNAL REVENUE CODE OF 1986

The undersigned taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code, to include in taxpayer's gross income for the current taxable year the amount of any compensation taxable to taxpayer in connection with taxpayer's receipt of the property described below:

1. The name, address, taxpayer identification number and taxable year of the undersigned are as follows:

NAME OF TAXPAYER: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

IDENTIFICATION NO. OF TAXPAYER: \_\_\_\_\_

TAXABLE YEAR: \_\_\_\_\_

2. The property with respect to which the election is made is described as follows: \_\_\_\_\_ shares of the Common Stock of Itron, Inc., a Washington corporation (the "Company").

3. The date on which the property was transferred is:  
\_\_\_\_\_

4. The property is subject to the following restrictions:

The property is subject to a forfeiture right pursuant to which the Company can reacquire the Shares if for any reason taxpayer's services with the Company are terminated. The Company's right to receive back the shares lapses as follows: \_\_\_\_\_.

5. The aggregate fair market value at the time of transfer, determined without regard to any restriction other than a restriction which by its terms will never lapse, of such property is: \$\_\_\_\_\_

6. The amount (if any) paid for such property is: \$\_\_\_\_\_

The undersigned has submitted a copy of this statement to the person for whom the services were performed in connection with the undersigned's receipt of the above-described property. The undersigned is the person performing the services in connection with the transfer of said property.

The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner of Internal Revenue.

Dated: \_\_\_\_\_  
Taxpayer

DISTRIBUTION OF EXHIBIT B COPIES

1. File original with the Internal Revenue Service Center where the taxpayer's income tax return will be filed. Filing must be made by no later than 30 days after the date of grant.
2. Attach one copy to the taxpayer's income tax return for the taxable year in which the property was transferred.
3. Mail one copy to the Company at the following address:

Itron, Inc.  
2818 N. Sullivan Road  
Spokane, WA 99216