

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

July 19, 2004

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(Date of Report)

ITRON, INC.

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(Exact Name of Registrant as Specified in Charter)

Washington

000-22418

91-1011792

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(State or Other Jurisdiction  
of Incorporation)

(Commission File No.)

(IRS Employer  
Identification No.)

2818 N. Sullivan Road, Spokane, WA 99216-1897

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(Address of Principal Executive Offices, including 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)

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE.

In January 2004, we began to implement an organizational change that resulted in a change in our segment reporting from five market facing business units (Electric, Natural Gas, Water & Public Power, International and End User Solutions) to two operating groups (Hardware Solutions and Software Solutions).

Management has three primary measures for each of the operating groups: revenue, gross margin and operating income. Revenues for each operating group are according to product lines. There are no inter-operating group revenues. Within each operating group, costs of sales are based on standard costs, which include materials, direct labor and an overhead allocation based on projected production for the year. Variances from standard cost are also included in each operating group. Service related costs of sales are based on actual time and materials incurred, warranty expense and an allocation of miscellaneous service related costs. Operating expenses directly associated with each operating group may include sales, marketing, product development or administrative expenses.

Corporate operating expenses, interest revenue, interest expense, equity in the income of investees accounted for under the equity method, amortization expense and income tax expense are not allocated to the operating groups, nor included in segment profit or loss for management purposes. Assets and liabilities are not allocated to the operating groups. Approximately 50% of depreciation expense is allocated to the operating groups.

OPERATING SEGMENT PRODUCTS AND SERVICES

OPERATING SEGMENT

MAJOR PRODUCTS AND SERVICES

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Hardware Solutions:

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Residential and commercial automatic meter reading (AMR) meter modules, mobile and network AMR reading technologies, SmartSynch meter systems, handheld computers for meter data collection or mobile workforce applications, residential meter data collection software, mobile workforce solutions software and installation and implementation services for AMR, handheld meter data collection and mobile workforce systems.

Software Solutions:

Commercial and industrial meter data collection software, transmission and distribution systems design and optimization software, energy management and asset optimization software, and related

implementation and consulting services.

RECASTED 2004 AND 2003 SEGMENT INFORMATION

As a result of our organizational change, we recasted our 2004 and 2003 segment information to reflect our new segment reporting structure for each of the quarters presented below.

	2004		2003			
	March 31	June 30	March 31	June 30	September 30	December 31
	(in thousands)					
<b>REVENUES</b>						
Hardware Solutions	\$ 58,289	\$ 70,177	\$ 65,796	\$ 72,069	\$ 72,247	\$ 71,234
Software Solutions	7,313	9,465	8,849	8,195	9,832	8,743
Total Company	\$ 65,602	\$ 79,642	\$ 74,645	\$ 80,264	\$ 82,079	\$ 79,977
<b>GROSS PROFIT</b>						
Hardware Solutions	\$ 28,011	\$ 32,484	\$ 33,957	\$ 37,101	\$ 36,158	\$ 25,811
Software Solutions	1,861	3,774	2,905	2,253	3,370	1,999
Total Company	\$ 29,872	\$ 36,258	\$ 36,862	\$ 39,354	\$ 39,528	\$ 27,810
<b>OPERATING INCOME (LOSS)</b>						
Hardware Solutions	\$ 20,277	\$ 24,033	\$ 26,066	\$ 28,344	\$ 27,614	\$ 17,514
Software Solutions	(4,247)	(1,737)	(5,201)	(3,591)	(2,279)	(3,631)
Corporate unallocated	(17,069)	(17,595)	(15,324)	(16,938)	(17,077)	(13,803)
Total Company	\$ (1,039)	\$ 4,701	\$ 5,541	\$ 7,815	\$ 8,258	\$ 80

RECASTED 2004 AND 2003 OPERATING EXPENSE INFORMATION

Also, as a result of our organizational change, certain historical operating expenses have been reclassified between sales and marketing, product development and general and administrative in order to conform to current management reporting for each of the quarters presented below.

	2004		2003			
	March 31	June 30	March 31	June 30	September 30	December 31
	(in thousands)					
<b>OPERATING EXPENSES</b>						
Sales and marketing	\$ 9,654	\$10,272	\$ 9,330	\$10,959	\$10,672	\$10,024
Product development	10,222	10,554	9,891	11,042	10,841	9,734
General and administrative	6,626	8,652	7,147	6,730	6,866	5,398
Amortization of intangibles	2,027	2,027	1,888	2,765	2,391	2,574
Restructurings	2,382	52	2,165	43	--	--
In-process research and development	--	--	900	--	--	--
Litigation accrual	--	--	--	--	500	--
Total operating expenses	\$30,911	\$31,557	\$31,321	\$31,539	\$31,270	\$27,730

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: July 19, 2004

By: /s/ DAVID G. REMINGTON

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David G. Remington  
Vice President and  
Chief Financial Officer