

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

April 25, 2006

Date of Report (Date of Earliest Event Reported)

ITRON, INC.

(Exact Name of Registrant as Specified in its Charter)

Washington

000-22418

91-1011792

(State or Other Jurisdiction
of Incorporation)

(Commission File No.)

(IRS Employer
Identification No.)

2818 N. Sullivan Road, Spokane Valley, 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 2.02 Results of Operations and Financial Condition.

On April 25, 2006, Itron, Inc. issued a press release announcing the financial results for the three months ending March 31, 2006. A copy of this press release and accompanying financial statements are attached as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is filed as part of this report:

Exhibit Number	Description
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99.1	Press Release dated April 25, 2006.

The information presented in this Current Report on Form 8-K may contain

forward-looking statements and certain assumptions upon which such forward-looking statements are in part based. Numerous important factors, including those factors identified in Itron, Inc.'s Annual Report on Form 10-K and other of the Company's filings with the Securities and Exchange Commission, and the fact that the assumptions set forth in this Current Report on Form 8-K could prove incorrect, could cause actual results to differ materially from those contained in such forward-looking statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

ITRON, INC.

Dated: April 25, 2006

By: /s/ STEVEN M. HELMBRECHT

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

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release dated April 25, 2006.

Itron Announces Record First Quarter Revenue and Earnings; GAAP EPS of 27 cents and Pro Forma EPS of 58 cents on Revenues of \$155.6 Million; \$206 Million in New Orders Signed During the Quarter

SPOKANE, Wash.--(BUSINESS WIRE)--April 25, 2006--Itron, Inc. (NASDAQ:ITRI), today reported financial results for its first quarter ended March 31, 2006. Revenues for the first quarter 2006 were \$155.6 million, 34% higher than first quarter 2005 revenues of \$116.5 million. The increased revenues were mainly due to higher shipments of Itron Automatic Meter Reading (AMR) technology.

- Itron AMR technology includes standalone AMR modules for electricity, gas or water meters and electricity meters with embedded Itron AMR. We shipped 2.4 million units of Itron AMR technology during the quarter compared with 1.3 million during the same period in 2005, an 81% increase.
- Meter Data Collection (MDC) segment revenues of \$61.8 million in the quarter increased 24% from \$49.7 million in the first quarter of 2005. The increased revenue was primarily due to higher shipments of gas AMR modules.
- Electricity Metering segment revenues were \$80.4 million in the quarter compared with \$54.1 million in the first quarter of 2005. The 49% increase in revenues was primarily related to shipments of electricity meters with AMR to Progress Energy. The Progress Energy contract, which calls for delivery of 2.7 million electricity meters with embedded AMR over approximately 15 months, was signed in the third quarter of 2005. Progress Energy represented 22% of total company revenues, and 42% of Electricity Metering segment revenues during the quarter.
- Software revenues were \$13.4 million during the quarter, 6% higher than \$12.7 million in the first quarter of 2005. Increased software revenues reflect increased software license sales for a number of products.

GAAP net income was \$7.1 million, or 27 cents per diluted share, for the quarter, compared with net income of \$817,000, or 4 cents per diluted share, for the first quarter of 2005. On January 1, 2006, the Company adopted Statement of Financial Accounting Standard No. 123(R), Share-Based Payment (SFAS 123 (R)), which requires the expensing of share-based compensation. Total stock-based compensation in the quarter was \$2.1 million, of which \$1.9 million was due to the adoption of SFAS 123(R) and had a 4 cent effect on GAAP earnings per share during the quarter.

Pro forma net income was \$15.1 million or 58 cents per diluted share for the quarter, compared with \$7.3 million, or 32 cents per diluted share, in the first quarter of 2005. Pro forma net income excludes intangible asset and debt fee amortization expenses in 2005 and 2006, restructuring charges in 2005 and SFAS 123(R) stock option compensation expenses in 2006.

New order bookings for the three months ended March 31, 2006 were \$206 million, compared with \$117 million in the first quarter of 2005, and were the second highest level of quarterly new order bookings in the company's history. Twelve month backlog, which represents the portion of backlog that will be earned over the next twelve months, was \$241 million at March 31, 2006, compared with \$188 million at December 31, 2005 and \$116 million one year ago. Total backlog was \$387 million at March 31, 2006, up from \$324 million at December 31, 2005, and \$190 million at March 31, 2005.

"We are very pleased with our financial results for the first quarter," said LeRoy Nosbaum, chairman and CEO. "Revenue, earnings and cash flow are all up compared with the first quarter of last year. Our strength in new order bookings this quarter helps solidify our expectations for 2006 and, since a number of new orders signed this quarter represent multi-year contracts, it also begins to build a base of business beyond 2006."

Gross margins were 43% for the quarter compared with 44% in the first quarter of 2005 and 41% in the fourth quarter of 2005.

Highlights of gross margin by segment are as follows:

- MDC gross margin was 46% in the quarter compared to 42% in the first quarter of 2005. The higher margin in 2006 results from increased shipments of gas AMR modules in 2006.
- Electricity Metering gross margin was 40% during the quarter compared with 45% during the first quarter of 2005. Most of

the decrease from 2005 to 2006 was driven by lower margin meter installation revenue associated with the Progress Energy contract.

- Software Solutions gross margin was 46% for the first quarter of 2006, comparable with the 45% gross margin in the same period last year.

Pro forma operating income, which excludes intangible asset amortization expenses in both 2006 and 2005, minor restructuring charges in 2005 and SFAS 123(R) stock option compensation expense in 2006, was \$28.1 million, or 18.1 % of revenues for the quarter, compared with \$15.9 million, or 13.6%, in the first quarter of 2005. The improved operating margin in 2006 reflects lower operating expenses as a percentage of revenues in all operating expense areas.

Total interest expense for the three months ended March 31, 2006 was \$1.2 million higher than the same period in 2005. The increase was due to accelerated amortization expense of debt placement fees caused by prepaying the variable-rate term loan. Interest expense without amortization was \$882,000 lower in 2006 than 2005.

We generated \$37.4 million of cash from operations during the quarter compared with \$23.7 million during the first quarter of 2005. Capital expenditures were \$6.3 million in the quarter compared to \$1.7 million in the first quarter of last year, with the increase this year related to our enterprise software upgrade.

EBITDA (earnings before interest, income taxes, depreciation and amortization) was \$29.5 million in the first three months of 2006, compared with \$18.9 million in the same period in 2005. Adjusted EBITDA, which excludes the effect of non-cash stock option compensation expense, was \$31.3 million.

During the quarter we prepaid in full our variable-rate term loan, which had a remaining balance at December 31, 2005 of \$24.7 million and also prepaid \$10.0 million of our variable-rate real estate term loan. Subsequent to March 31, 2006 we prepaid the remaining \$4.8 million in real estate term debt and also prepaid in full \$3.0 million in project financing debt.

Forward-Looking Statements:

This release contains forward-looking statements concerning our expectations about our operations, financial performance, sales, earnings and cash flow. These statements reflect our current plans and expectations and are based on information currently available. They rely on a number of assumptions and estimates, which could be inaccurate, and which are subject to risks and uncertainties that could cause our actual results to vary materially from those anticipated. Risks and uncertainties include the rate and timing of customer demand for the Company's products, rescheduling of current customer orders, changes in estimated liabilities for product warranties, changes in laws and regulations, our dependence on new product development and intellectual property, future acquisitions, changes in estimates for stock based compensation and other factors which are more fully described in our Annual Report on Form 10-K for the year ended December 31, 2005 on file with the Securities and Exchange Commission. Itron undertakes no obligation to update publicly or revise any forward-looking statements, including our business outlook.

Business Outlook:

The outlook information provided below and elsewhere in this release is based on information available today and Itron assumes no obligation to update it. Our future performance involves risks and uncertainties.

For the full year 2006, we expect:

- Revenues between \$610 and \$620 million.
- GAAP net income between \$29 and \$31 million.
- Pro forma net income between \$57 and \$59 million, excluding approximately \$9 million of pre-tax stock option compensation expenses and approximately \$33 million of pre-tax intangible asset and debt fee amortization expenses.
- Pro forma EPS between \$2.17 and \$2.23 per diluted share, which is based on an estimated 26.4 million in diluted shares.
- Adjusted EBITDA, which excludes \$9 million of stock option compensation expenses, between \$116 and \$120 million.

We expect revenue for the second quarter to be between \$150 and \$155 million.

Use of Non-GAAP Financial Information:

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

Earnings Conference Call:

Itron will host a conference call to discuss the financial results contained in this release at 1:45 p.m. (PST) on April 25, 2006. The call will be webcast in a listen only mode and can be accessed online at www.itron.com, "About Itron - Investor Events." The live webcast will begin at 1:45 p.m. (PST). The webcast replay will begin shortly after the conclusion of the live call and will be available for two weeks. A telephone replay of the call will also be available approximately one hour after the conclusion of the live call, for 48 hours, and is accessible by dialing (888) 203-1112 (Domestic) or (719) 457-0820 (International), entering passcode # 9425890.

About Itron:

Itron is a leading technology provider and critical source of knowledge to the global energy and water industries. Nearly 3,000 utilities worldwide rely on Itron technology to deliver the knowledge they require to optimize the delivery and use of energy and water. Itron delivers value to its clients by providing industry-leading solutions for electricity metering, meter data collection, energy information management, demand side management and response, load forecasting, analysis and consulting services, transmission and distribution system design and optimization, Web-based workforce automation, commercial and industrial customer care and residential energy management. To know more, start here: www.itron.com.

Statements of operations, reconciliations between GAAP and non-GAAP results, segment information, balance sheets and cash flows follow.

ITRON, INC. CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended March 31,	
	2006	2005
Revenues		
Sales	\$142,934	\$104,202
Service	12,619	12,268
Total revenues	155,553	116,470
Cost of revenues		
Sales	81,842	59,199
Service	6,937	6,273
Total cost of revenues	88,779	65,472

Gross profit	66,774	50,998
Operating expenses		
Sales and marketing	15,481	13,239
Product development	12,870	11,914
General and administrative	12,122	9,966
Amortization of intangible assets	7,313	9,716
Restructurings	-	390
Total operating expenses	47,786	45,225
Operating income	18,988	5,773
Other income (expense)		
Interest income	362	4
Interest expense	(5,746)	(4,567)
Other income (expense), net	(448)	101
Total other income (expense)	(5,832)	(4,462)
Income before income taxes	13,156	1,311
Income tax provision	(6,087)	(494)
Net income	\$7,069	\$817
Earnings per share		
Basic net income per share	\$0.28	\$0.04
Diluted net income per share	\$0.27	\$0.04
Weighted average number of shares outstanding		
Basic	25,057	21,451
Diluted	26,071	22,737

ITRON, INC.
RECONCILIATIONS BETWEEN GAAP AND PRO FORMA

(Unaudited, in thousands, except per share data)

Three Months Ended March 31, 2006

Pro Forma
Reported Entries Pro Forma

Revenues	\$155,553	\$-	\$155,553
Cost of revenues	88,779	(252)(a)	88,527
Gross profit	66,774	252	67,026
Operating expenses	47,786	(1,564)(a) (7,313)(b)	38,909
Operating income	18,988	9,129	28,117
Other income (expense)	(5,832)	2,735 (d)	(3,097)
Income before income taxes	13,156	11,864	25,020
Income tax provision	(6,087)	(3,848)(e)	(9,935)
Net income	\$7,069	\$8,016	\$15,085
Earnings per share			
Basic net income per share	\$0.28		\$0.60
Diluted net income per share	\$0.27		\$0.58

Weighted average number of

shares outstanding		
Basic	25,057	25,057
Diluted	26,071	26,071

Three Months Ended March 31, 2005

	Reported	Pro Forma Entries	Pro Forma
Revenues	\$116,470	\$-	\$116,470
Cost of revenues	65,472	-	65,472
Gross profit	50,998	-	50,998
Operating expenses	45,225	(9,716)(b) (390)(c)	35,119
Operating income	5,773	10,106	15,879
Other income (expense)	(4,462)	676(d)	(3,786)
Income before income taxes	1,311	10,782	12,093
Income tax provision	(494)	(4,309)(e)	(4,803)
Net income	\$817	\$6,473	\$7,290
Earnings per share			
Basic net income per share	\$0.04		\$0.34
Diluted net income per share	\$0.04		\$0.32
Weighted average number of shares outstanding			
Basic	21,451		21,451
Diluted	22,737		22,737

Pro Forma Adjustments

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

ITRON, INC.
SEGMENT INFORMATION

(Unaudited, in thousands)

	Three Months Ended March 31,	
	2006	2005
Revenues		
Hardware Solutions		
Meter Data Collection	\$61,751	\$49,676
Electricity Metering	80,378	54,106
Total Hardware Solutions	142,129	103,782
Software Solutions	13,424	12,688
Total Company	\$155,553	\$116,470

Gross profit		
Hardware Solutions		
Meter Data Collection	\$28,703	\$21,044
Electricity Metering	31,909	24,277
	-----	-----
Total Hardware Solutions	60,612	45,321
Software Solutions	6,162	5,677
	-----	-----
Total Company	\$66,774	\$50,998
	=====	=====

Operating income (loss)		
Hardware Solutions		
Meter Data Collection	\$23,133	\$16,028
Electricity Metering	28,575	19,889
Other unallocated costs	(8,727)	(6,021)
	-----	-----
Total Hardware Solutions	42,981	29,896
Software Solutions	(2,489)	(2,652)
Corporate unallocated	(21,504)	(21,471)
	-----	-----
Total Company	\$18,988	\$5,773
	=====	=====

Three Months Ended
March 31,

2006 2005

Supplemental Information		
Unit Shipments by Segment		
Meter Data Collection		
AMR standalone modules	1,075	775
Licensed AMR (other vendors' meters)	125	175
Electricity Metering		
Total meters	1,725	1,050
With Itron AMR	1,200	375
With other AMR	150	200
(1)Total units Itron AMR	2,400	1,325
Growth in total Itron AMR shipments	81%	

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

ITRON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands)	March 31,	Dec. 31,
	2006	2005
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$40,661	\$33,638
Accounts receivable, net	83,637	104,428
Inventories	52,514	49,456
Deferred income taxes, net	20,659	23,194
Other	23,260	10,941
	-----	-----
Total current assets	220,731	221,657
Property, plant and equipment, net	69,651	77,623
Intangible assets, net	115,980	123,293
Goodwill	116,037	116,032
Deferred income taxes, net	51,262	48,955
Other	7,920	11,324
	-----	-----
Total assets	\$581,581	\$598,884
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$46,990	\$46,215
Wages and benefits payable	18,634	23,732

Current portion of debt	3,836	4,376
Current portion of warranty	7,162	8,497
Unearned revenue	24,140	22,758
	-----	-----
Total current liabilities	100,762	105,578
Long-term debt	126,090	160,186
Project financing debt	2,142	2,367
Warranty	7,949	6,779
Other obligations	6,048	6,440
	-----	-----
Total liabilities	242,991	281,350
Shareholders' equity		
Preferred stock	-	-
Common stock	326,143	312,046
Accumulated other comprehensive income, net	761	871
Retained earnings	11,686	4,617
	-----	-----
Total shareholders' equity	338,590	317,534
	-----	-----
Total liabilities and shareholders' equity	\$581,581	\$598,884
	=====	=====

ITRON, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)	Three Months Ended March 31,	
	----- 2006	----- 2005
	-----	-----
Operating activities		
Net income	\$7,069	\$817
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,938	12,980
Employee stock plans income tax benefits	5,366	1,129
Excess tax benefits from stock-based compensation	(4,280)	-
Stock-based compensation	2,053	149
Amortization of prepaid debt fees	2,772	710
Deferred income tax provision (benefit)	236	(1,618)
Impairment of investments	242	-
Realized currency translation gains	-	(195)
Other, net	182	(223)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	20,791	16,196
Inventories	(3,058)	2,638
Accounts payable and accrued expenses	2,644	(4,963)
Wages and benefits payable	(4,612)	1,566
Unearned revenue	1,452	(3,065)
Warranty	(165)	(288)
Other long-term obligations	(470)	(200)
Other, net	(3,768)	(1,895)
	-----	-----
Cash provided by operating activities	37,392	23,738
Investing activities		
Acquisition of property, plant and equipment	(6,251)	(1,720)
Proceeds from the sale of an investment in affiliate	1,000	-
Business acquisitions, net of cash and cash equivalents acquired	-	33
Other, net	(705)	86
	-----	-----
Cash used by investing activities	(5,956)	(1,601)
Financing activities		
Payments on debt	(34,885)	(20,657)
Issuance of common stock	6,192	2,609
Excess tax benefits from stock-based compensation	4,280	-
Prepaid debt fees	-	(73)
Other, net	-	(12)
	-----	-----
Cash used by financing activities	(24,413)	(18,133)

Increase in cash and cash equivalents	7,023	4,004
Cash and cash equivalents at beginning of period	33,638	11,624
	-----	-----
Cash and cash equivalents at end of period	\$40,661	\$15,628
	=====	=====
Non-cash transactions:		
Fixed assets purchased but not yet paid	\$2,531	\$-

ITRON, INC.
RECONCILIATIONS BETWEEN GAAP NET INCOME AND EBITDA

(Unaudited, in thousands)

	Three Months Ended March 31,	
	-----	-----
	2006	2005
	-----	-----
GAAP net income	\$7,069	\$817
Adjustments to GAAP net income		
Interest income	(362)	(4)
Interest expense	5,746	4,567
Income tax provision	6,087	494
Depreciation and amortization	10,938	12,980
	-----	-----
Total adjustments	22,409	18,037
EBITDA	\$29,478	\$18,854
	=====	=====
Non-cash stock option compensation expense	1,816	-
	-----	-----
ADJUSTED EBITDA	\$31,294	\$18,854
	=====	=====

CONTACT: Itron, Inc.
Mima Scarpelli, Vice President, Investor Relations
and Corporate Communications
509-891-3565
mima.scarpelli@itron.com