



Electric / Gas / Water

Itron

LeRoy Nosbaum

Chairman and CEO

Deloris Duquette

VP Investor Relations and
Corporate Communications



Itron

Stephens Fall Investment Conference

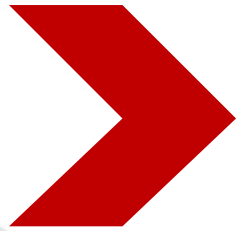
November 13, 2007



Safe Harbor

Certain matters being discussed today that are not statements of historical fact constitute forward-looking statements relating to current or future financial performance, management's plans and objectives for future operations, product plans and performance, management's assessment of market factors, and statements regarding the strategy and plans of the Company. Such forward looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of Itron's future performance. Listeners are cautioned that all forward-looking statements are subject to a number of risks and uncertainties that could cause the Company's actual results in the future to differ materially from these forward-looking statements. These risks and uncertainties are detailed in the Company's filings with the Securities and Exchange Commission, including its 10-K filed on February 23, 2007, copies of which may be accessed through the SEC's website at <http://www.sec.gov>.

Current data and other statistical information used throughout this presentation are based on independent industry publications, government publications, and reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, which are derived from our review of internal surveys, as well the independent sources listed above. We believe that these sources are reliable.



Overview



LeRoy Nosbaum 
Chairman and CEO



Investment Highlights

- **Market leader of AMR systems in the U.S. and Canada**

- > As many U.S. and Canada utilities now look to AMI

- (Itron OpenWay)

- **Leading supplier of electric, gas and water meters worldwide**

- > As Europe, the Middle East and others contemplate AMR and AMI

- **Leading supplier of software for meter data collection**

- > Residential and commercial

- > Critical for AMR and AMI



Investment Highlights

- **Long history of selling to utilities**
 - > Established customer relationships
 - > Solid reputation around the world
 - > Consistent revenue base with project revenue growth expected to continue
- **Exceptionally positioned for AMI and AMR**
- **Market cap in excess of \$2.4 billion**



Itron Objective / Growth Strategy

- **Leading AMR/AMI systems provider in the world**
- **Largest electric, gas and water meter manufacturer in the world**
 - > Active in every country
 - > Where it makes sense
 - > Where we can make money
- **Itron will be the name associated with:**
 - > Value
 - > Quality
 - > Reliability
- **We will provide increasing value for our shareholders**



Acquisition Rounded-Out Portfolio/Geography/Revenue

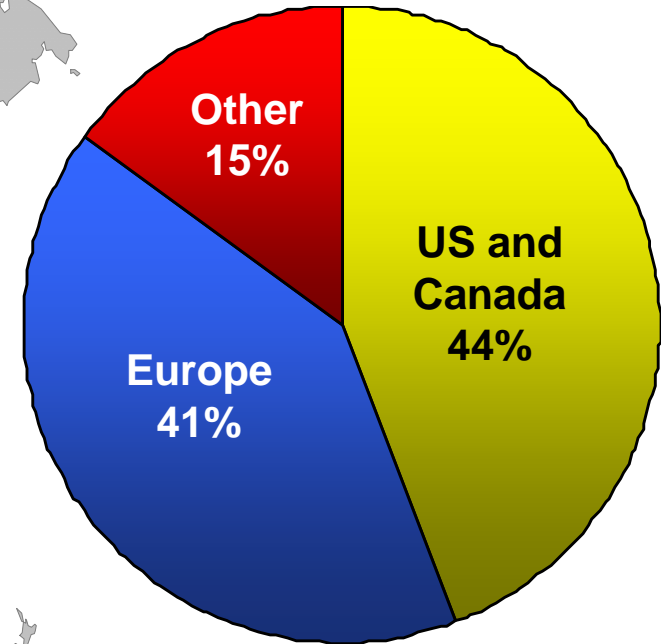
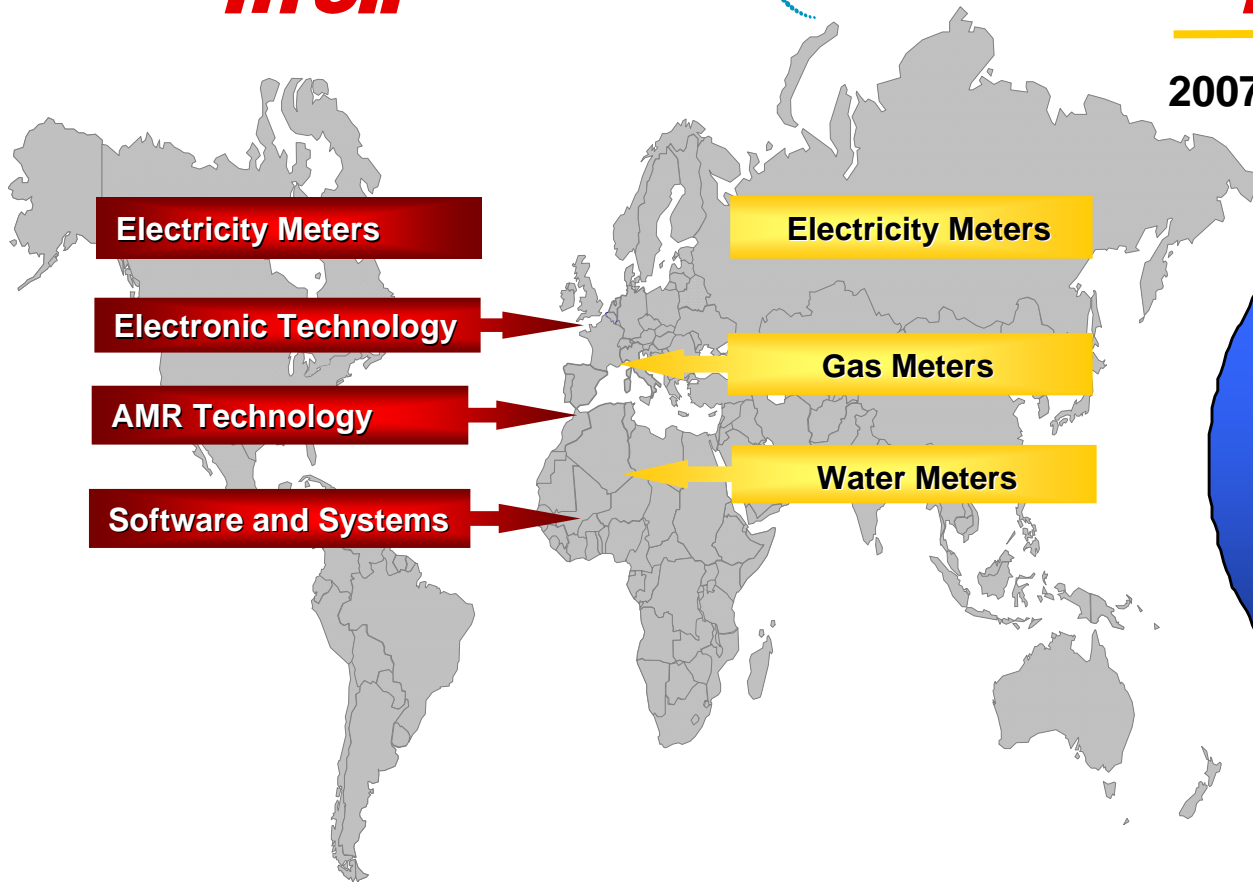


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ACTARIS

2007 Nine Months Revenue ~ \$1 B





Global Industry Dynamics/Exciting Opportunity

← THE PAST

CHANGE: 1990 - 2006

OPPORTUNITY: 2007 →

New and Replacement Meters

- Limited innovation
- New housing starts
- Replacement cycles
- Electromechanical upgrade to solid state
- Steady predictable growth

Automated Meter Reading (AMR)

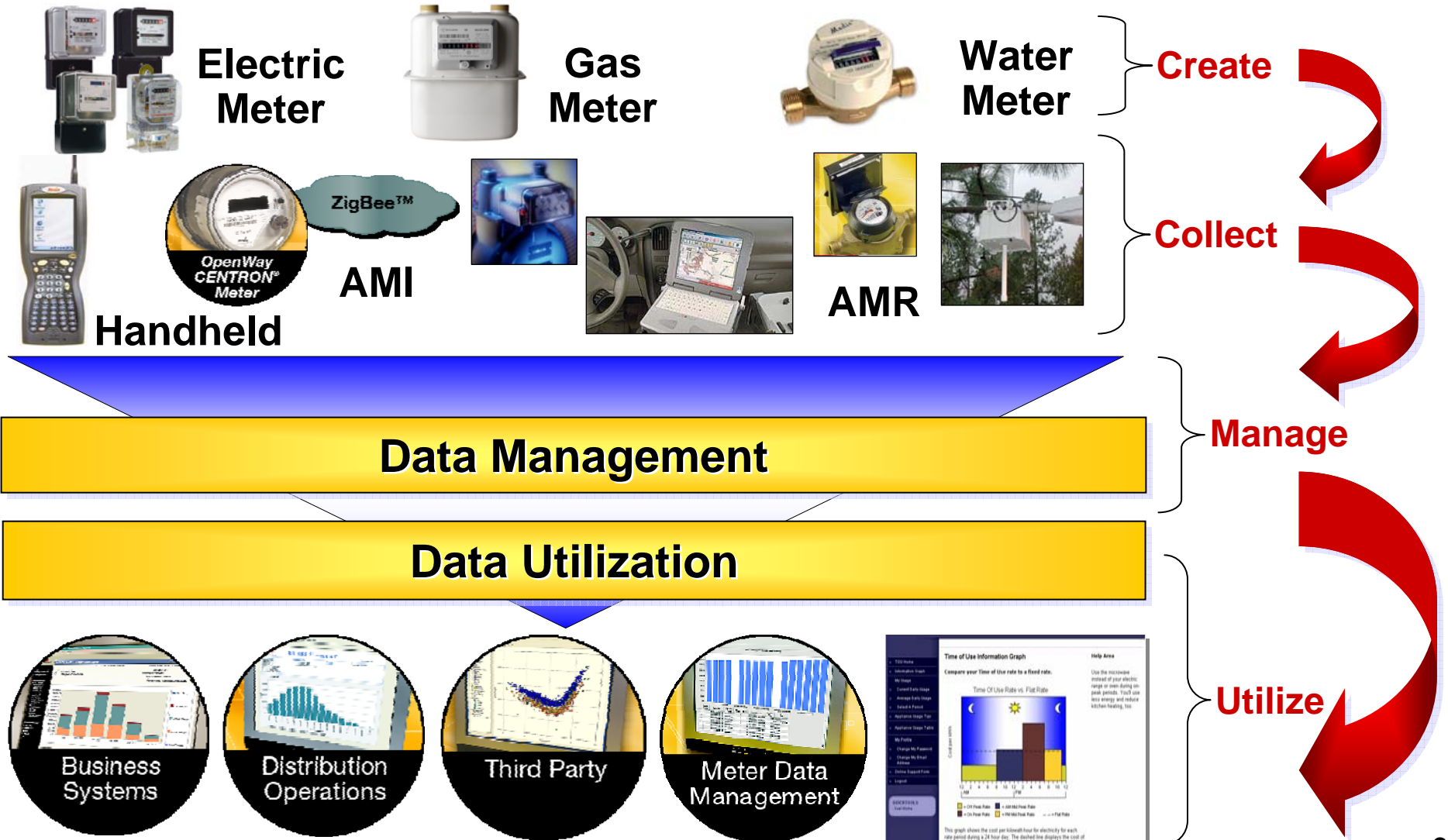
- Driven by improving operations and cost reductions
- Higher price point
- Additional products and services
- Drives AMR meter and module growth
- Prepaid meters

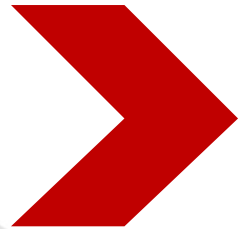
Advanced Metering Infrastructure (AMI)

- Environmental concerns and conservation reaction
- Legislation/regulation
- Avoided costs of building generation or transmission
- Efficiency gains
- Ability to shave peak load



Ability to Offer End-to-End Solution





Itron North America





Itron North America at a Glance

- **Leading electric meter supplier inside North America**
 - > First to market with residential solid state meters
 - > 60% market share in 2006
 - > Over 25 million Centron solid-state meters shipped

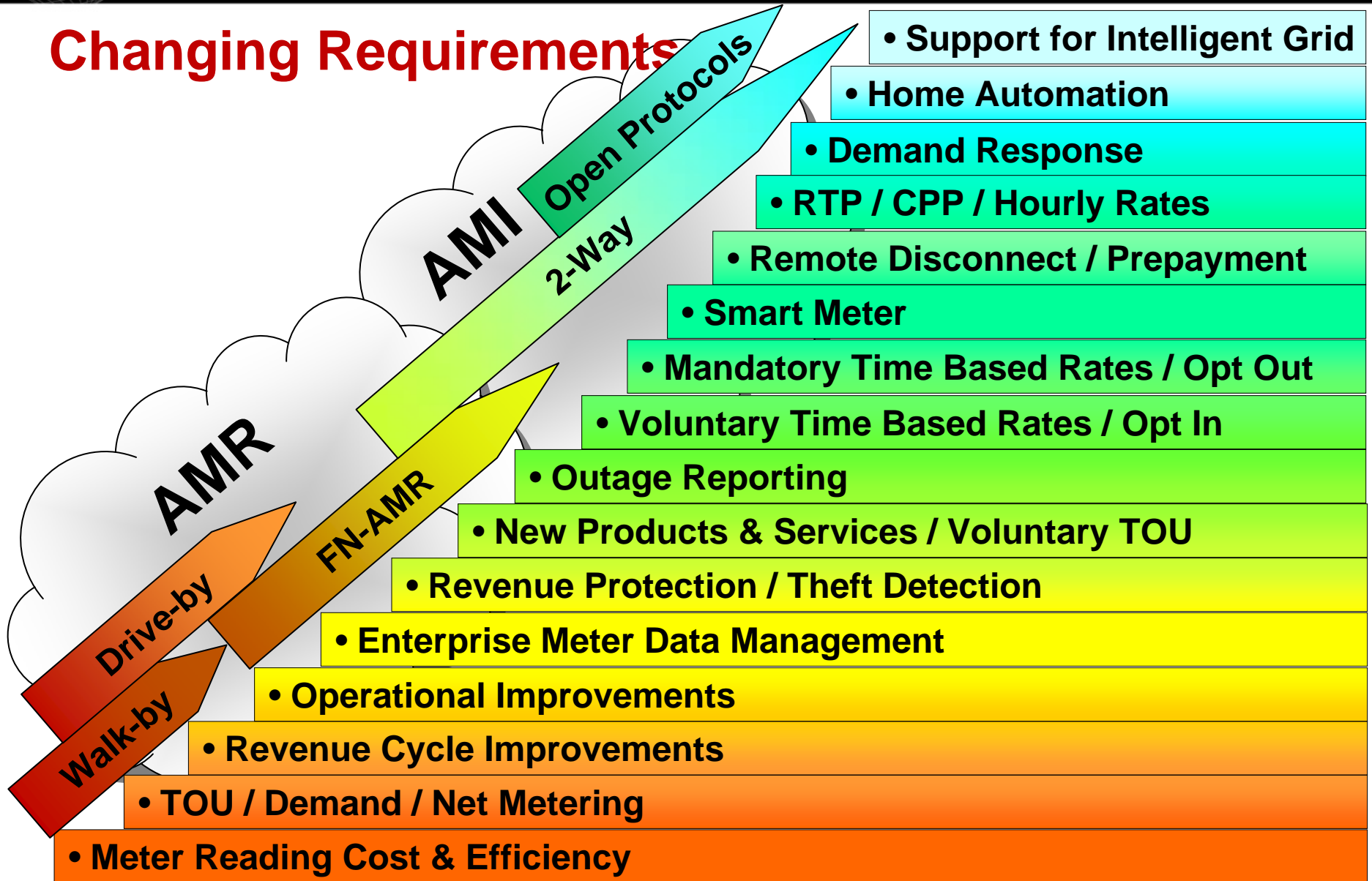
- **Leading AMR provider in North America**
 - > Electric / Gas / Water AMR provider
 - > 53% total AMR market share
 - > Over 55 million AMR meters and modules shipped to date

- **Leading handheld meter reading provider**
 - > Over 2,200 customers in more than 60 countries

- **Leading meter data management supplier**
 - > Residential
 - > Commercial and industrial (90% share)



Changing Requirements

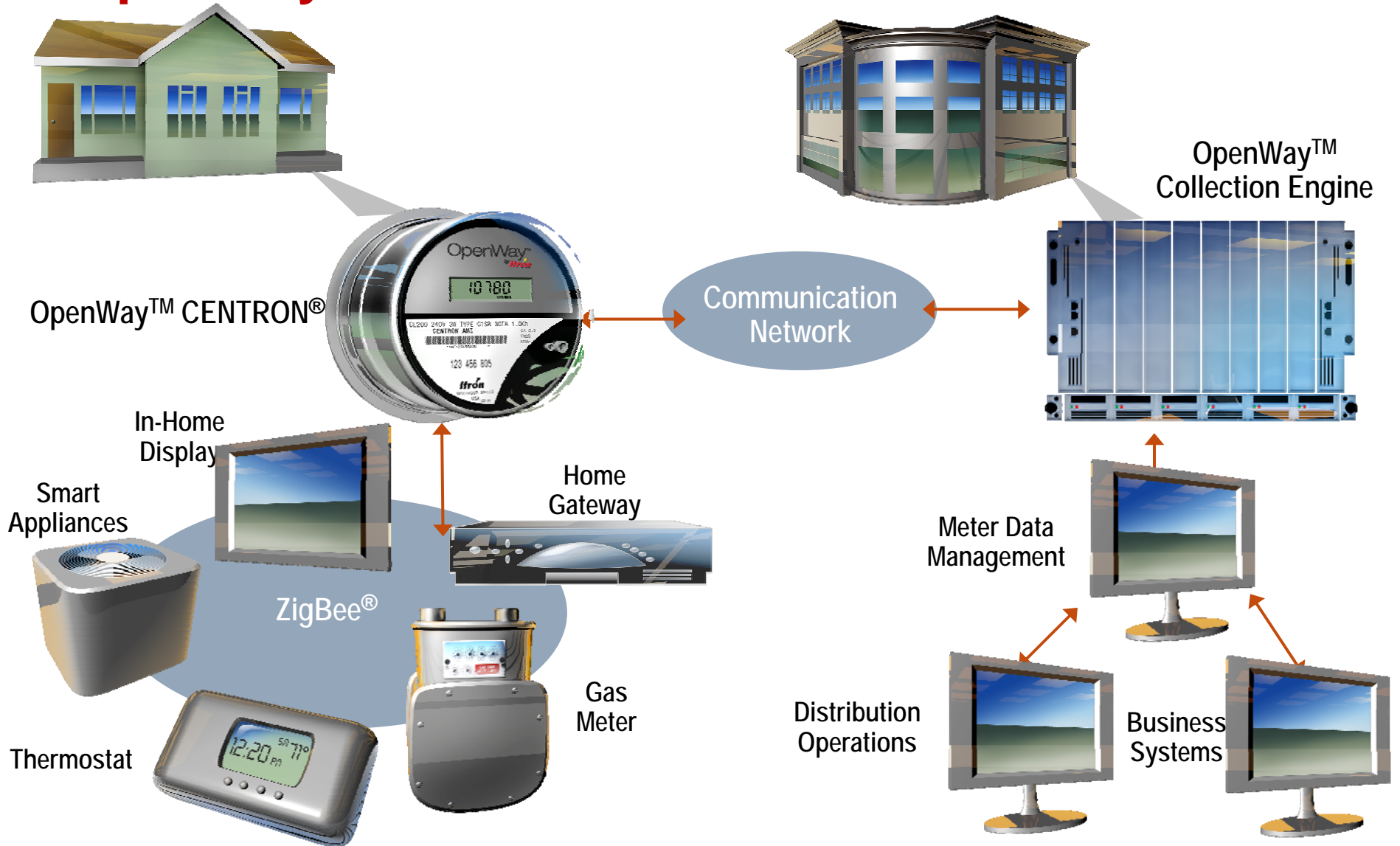


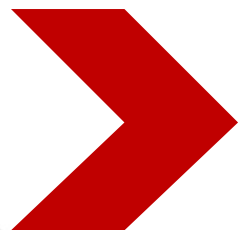


Electric / Gas / Water



OpenWay Architecture





Actaris



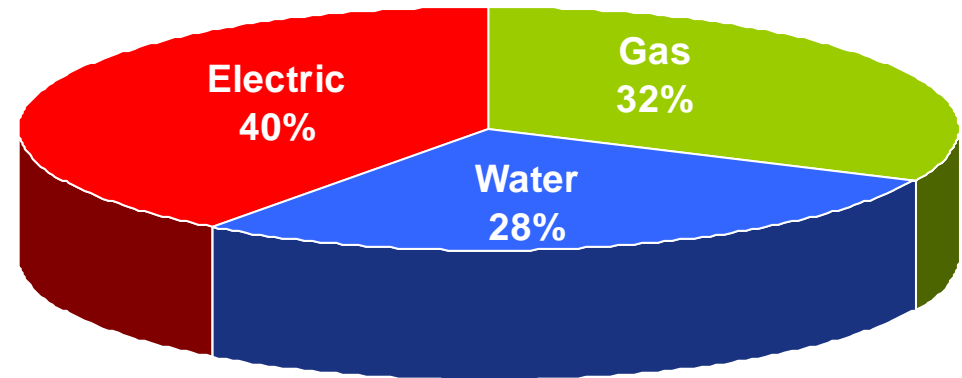


Actaris at a Glance

Overview

- Electric meters outside North America
- Gas and water meters worldwide
- Metering since the 1850's
- Leading market share for each of its 3 business lines
- More than 5,000 customers
- Active in more than 30 countries
- 6,000 people in over 60 locations
- Growing AMR and prepayment meters opportunity

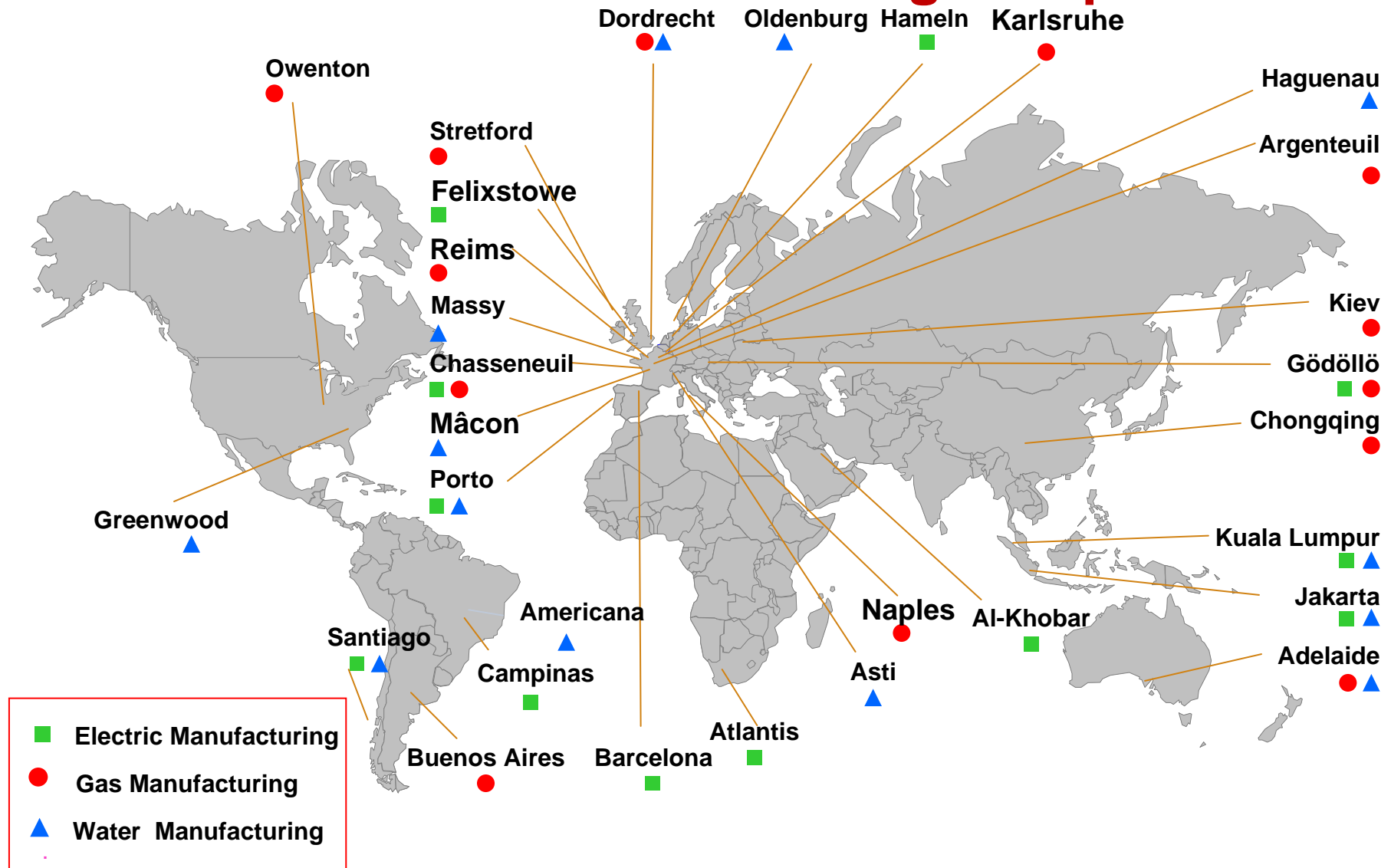
2007 Nine Month Revenue ⁽¹⁾



(1) Reflects revenue from April 18, 2007 – September 30, 2007.



Actaris Worldwide Manufacturing Footprint





Actaris Growth Drivers

■ Electric

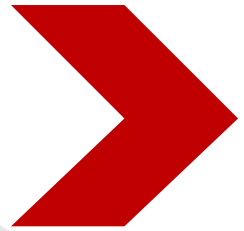
- > European electricity directive on customer choice
- > Established culture of conservation/environmentalism
- > Conversion to static meters
- > New markets and gaining market share

■ Gas


- > Ongoing expansion of global gas network
- > Increased investment in gas infrastructure
- > AMR and prepayment

■ Water

- > More than 300 million connections un-metered
- > 65% of un-metered connections in developing countries
- > Focus on conservation will drive **quality** meters and AMR



Market Statistics and Opportunities

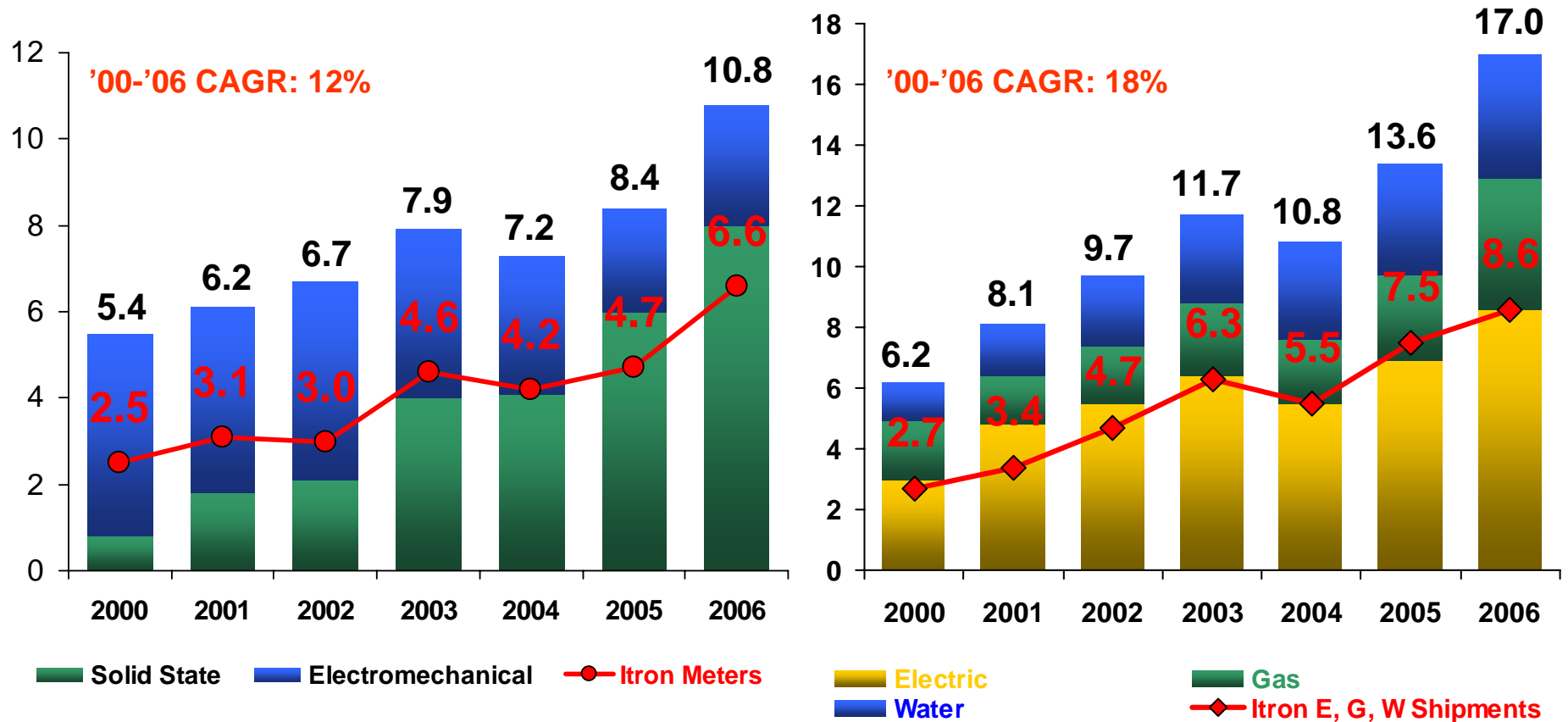
Deloris Duquette
*VP Investor Relations and
Corporate Communications* 



Itron North America Market Positioning

Electric Meter Shipments (millions)

AMR Shipments (millions)

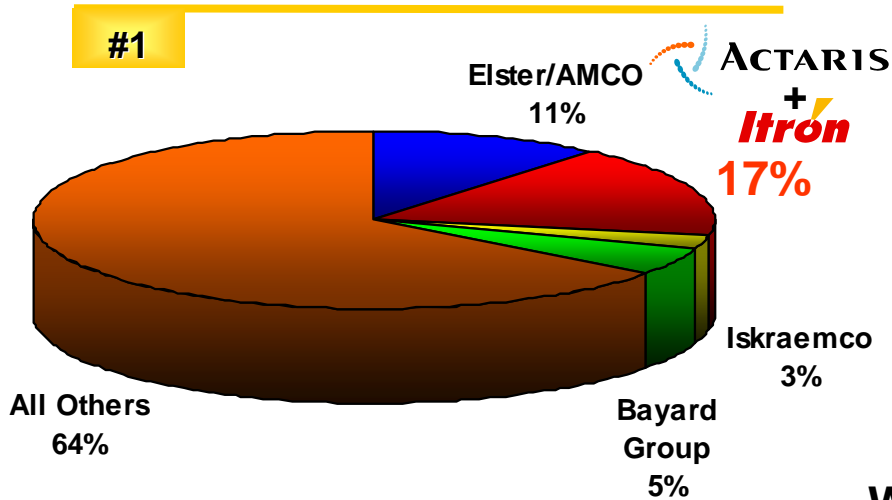


Source: ABS Energy Research and The Scott Report AMR Deployments Q4 2006 and management estimates.

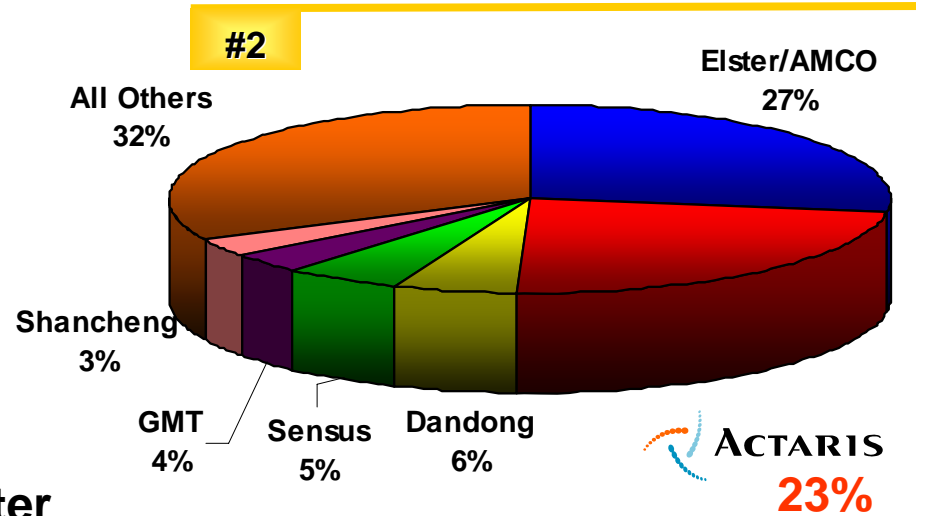


Global Market Leader for Meters - 2006

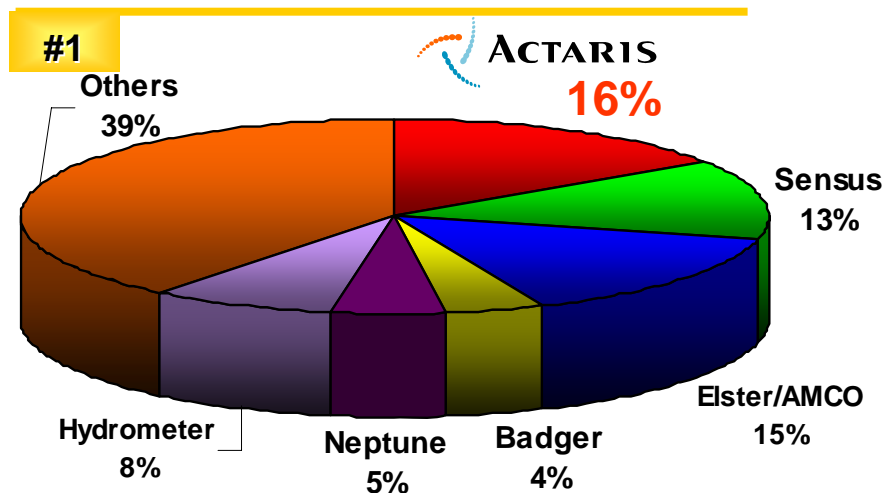
Electric



Gas



Water



Source: A.T. Kearney, Management Estimates – All exclude China

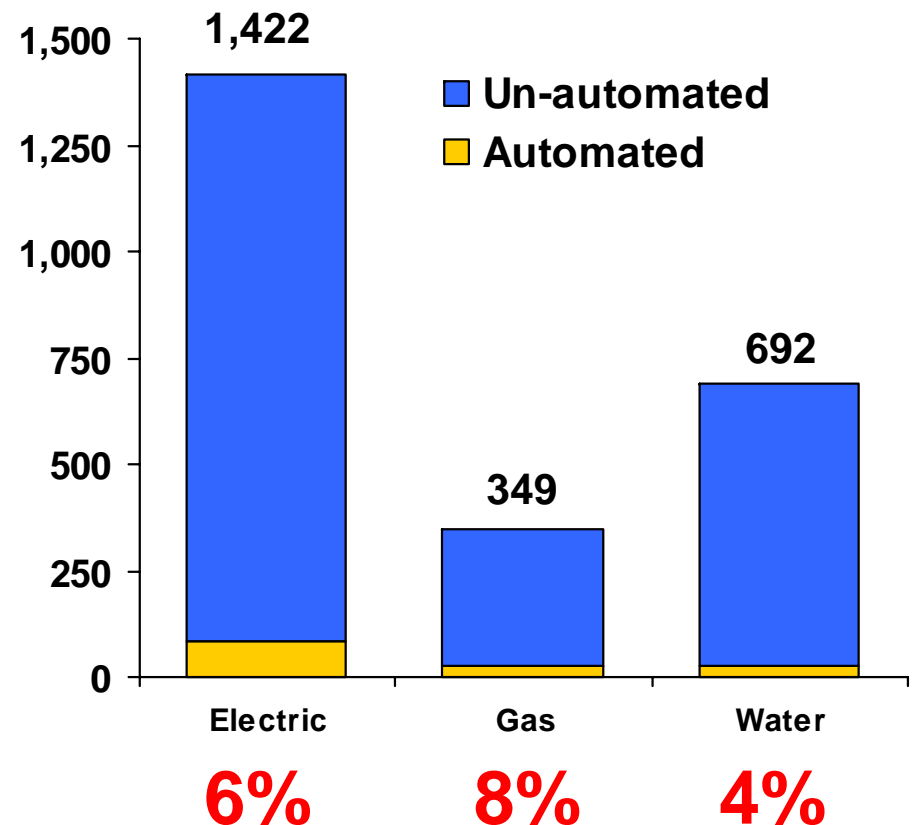


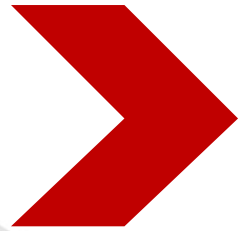
Global AMR Opportunity

Status

- 2.5 billion meters worldwide
- Only 6% AMR/AMI penetration worldwide
- Total meters:
 - > North America – 300 million
 - 100 million automated
 - > Europe – 470 million
 - < 40 million automated
 - > South America – 175 million
 - > Asia/Asia Pacific – 1.3 billion
 - China – 610 million
 - India - 125 million
 - Japan – 160 million
 - > Africa/Middle East – 130 million
- Meter manufacturers are well positioned

AMR Penetration Worldwide (millions)





Financial Overview





Report Card

	<u>2004</u> ⁽³⁾	<u>2005</u>	<u>2006</u>	<u>Nine Mos.</u> <u>2007</u>
<i>(\$ in millions except EPS and Stock Price)</i>				
> Revenue Growth	26%	38%	17%	103% ⁽¹⁾
> Operating Margins (Non-GAAP)	11.4%	15.5%	14.4%	12.7%
> Diluted Earnings per Share (Non-GAAP)	\$ 0.93	\$ 1.84	\$ 2.12	\$ 1.99
> Adjusted EBITDA	\$ 49	\$ 98	\$ 107	\$ 158
> EBITDA Margins	12.2%	17.7%	16.6%	16.1%
> Investment in New Businesses	\$ 253	\$ -	\$ 21	\$ 1,716
> Return on Invested Capital	12.5%	18.8%	14.7%	10.6% ⁽²⁾
> Free Cash Flow	\$ 40	\$ 48	\$ 63	\$ 59
> Stock Price	\$ 23.91	\$ 40.04	\$ 51.84	\$ 93.07
> Total Enterprise Value	\$ 792	\$ 1,165	\$ 1,804	\$ 4,435

⁽¹⁾ Growth over same period in 2006.

⁽²⁾ Net-Operating Profit After Tax is annualized but still only includes a portion of the year for Actaris.

⁽³⁾ Acquired Schlumberger Electricity Metering on July 1, 2004 and Actaris Metering Systems on April 18, 2007



Strong Financial Position

(in millions except Ratios)

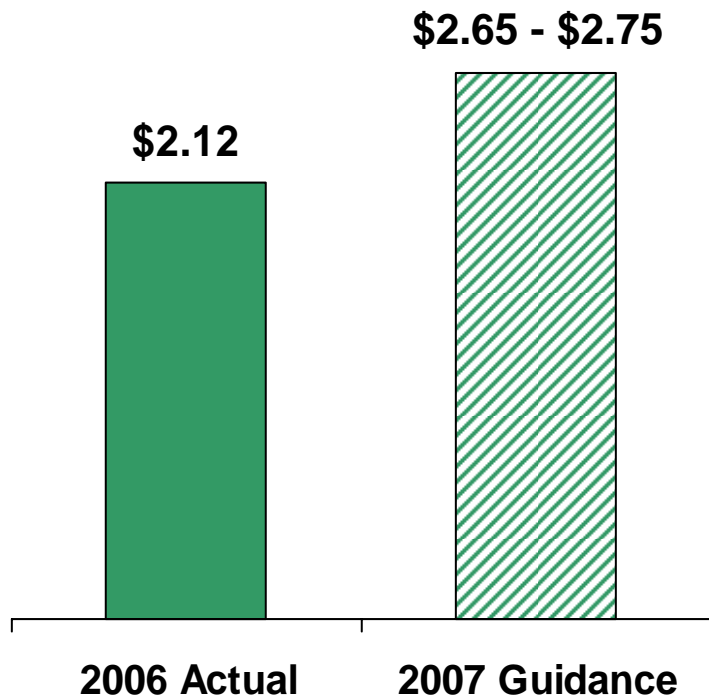
	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006	Sept. 30, 2007 ⁽¹⁾
> Cash	\$ 12	\$ 34	\$ 396	\$ 85
> Total Debt	\$ 278	\$ 167	\$ 469	\$ 1,612
> Net Debt	\$ 267	\$ 133	\$ 73	\$ 1,527
> Shareholders' Equity	\$ 184	\$ 318	\$ 391	\$ 698
> Total Capitalization	\$ 463	\$ 484	\$ 860	\$ 2,310
> Net Debt / Total Capitalization	57.6%	27.5%	8.5%	66.1%
> Debt / TTM EBITDA (Bank Calc)	5.7 x	1.7 x	4.0 x	5.7 x
> Coverage Ratio	3.7 x	5.2 x	6.6 x	2.4 x

⁽¹⁾ Acquired Actaris Metering Systems on April 18, 2007.

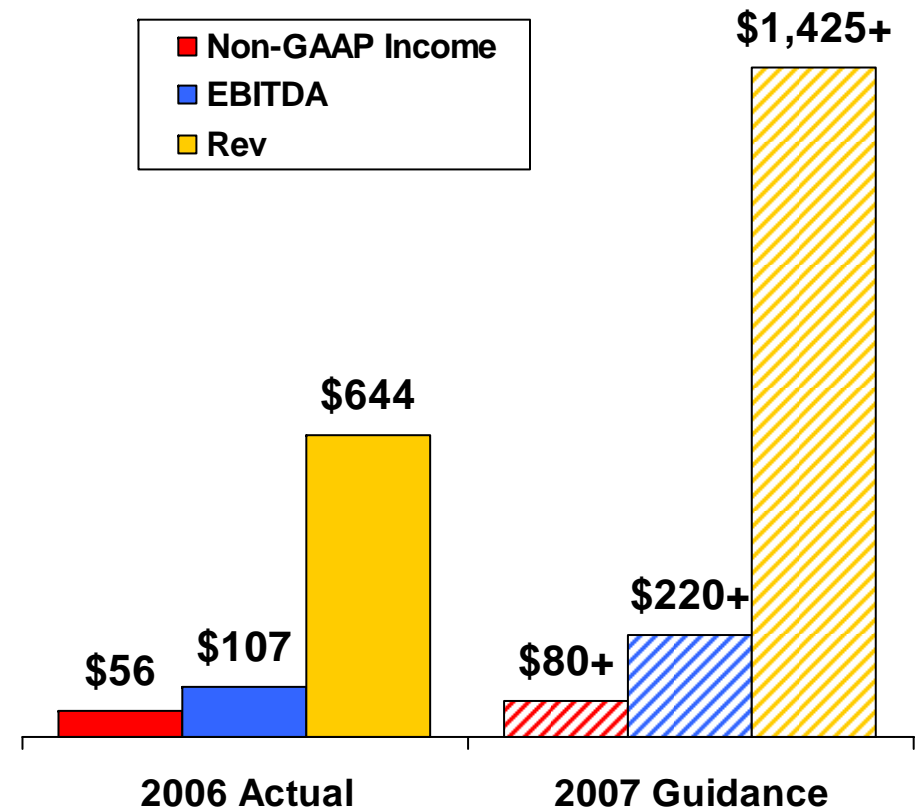


2006 Actual Results and 2007 Guidance (1)

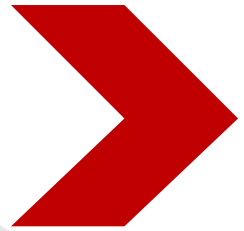
Non-GAAP EPS



Revenue, EBITDA and Non-GAAP Net Income (millions)



(1) 2007 Guidance Issued 11/1/07.



Appendix and Reconciliations





Itron Operating Results

(in millions except EPS)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007 ⁽¹⁾	2006	2007 ⁽¹⁾
Revenue				
Itron North America	\$ 165	\$ 153	\$ 484	\$ 453
Actaris	-	281	-	530
Total	\$ 165	\$ 434	\$ 484	\$ 983
Gross Margin				
Itron North America	41%	40%	42%	41%
Actaris ⁽²⁾		30%		27%
Total⁽²⁾	41%	33%	42%	34%
Non-GAAP Operating Income⁽³⁾	\$ 24	\$ 55	\$ 76	\$ 125
Non-GAAP Operating Margin ⁽³⁾	15%	13%	16%	13%
Non-GAAP EPS⁽³⁾	\$ 0.56	\$ 0.65	\$ 1.64	\$ 1.99

(1) 2007 Results include Actaris from date of acquisition on April 18, 2007.

(2) Excludes \$16 million inventory accounting adjustment for purchase accounting.

(3) Excludes inventory accounting adjustment, IPR&D, amortization of intangibles and amortization of debt fees.



Strong Financial Position

(in millions except ratios)	At September 30,		At December 31,	
	2006	2007 ⁽¹⁾	2005	2006
Cash Flows				
Operations	\$ 87	\$ 90	\$ 80	\$ 95
Investing	(202)	(1,711)	(31)	(85)
Financing	316	1,342	(27)	318
Cash and Equivalents	<u>235</u>	<u>85</u>	<u>33</u>	<u>361</u>
Adjusted EBITDA⁽²⁾	\$ 86	\$ 158	\$ 98	\$ 106
Capital Structure				
Total Debt	\$ 469	\$ 1,612	\$ 166	\$ 469
Equity	378	698	316	391
Capitalization	<u>\$ 847</u>	<u>\$ 2,310</u>	<u>\$ 482</u>	<u>\$ 860</u>
Total Debt/Capitalization	55%	70%	34%	55%
Net Debt/Capitalization	7%	66%	28%	9%
Debt/EBITDA (TTM)⁽³⁾	4.2	5.7	1.7	4.4

(1) 2007 Results include Actaris from date of acquisition on April 18, 2007.

(2) Excludes inventory accounting adjustment, IPR&D, amortization of intangibles and amortization of debt fees.

(3) Calculation for Debt Covenants for 2007 is reflected and is not the same as reported as it includes TTM for Actaris and non-cash items.



Non-GAAP Reconciliation

(in millions except EPS and shares)

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2006	2007 ⁽¹⁾	2006	2007 ⁽¹⁾
Non-GAAP Operating Income				
GAAP Operating Income (Loss)	\$ 16	\$ 29	\$ 53	\$ 15
Amortization of Intangibles	8	26	23	58
In-Process R&D	-	-	-	36
Inventory Accounting Adjustment	-	-	-	16
Total Non-GAAP Operating Income	\$ 24	\$ 55	\$ 76	\$ 125
Non-GAAP Net Income				
GAAP Net Income (Loss)	\$ 9	\$ (3)	\$ 26	\$ (20)
Amortization of Intangibles	8	26	23	58
Amortization of Debt Fees	1	9	4	12
In-Process R&D	-	-	-	36
Inventory Accounting Adjustment	-	-	-	16
Income Tax Effect of Non-GAAP	(3)	(11)	(10)	(41)
Total Non-GAAP Net Income	\$ 15	\$ 21	\$ 43	\$ 61
Diluted Shares Outstanding	26,336	32,374	26,251	30,251
Non-GAAP EPS	\$ 0.56	\$ 0.65	\$ 1.64	\$ 1.99
	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2006	2007 ⁽¹⁾	2006	2007
Adjusted EBITDA				
GAAP Net Income (Loss)	\$ 9	\$ (3)	\$ 27	\$ (20)
Interest Income	(3)	-	(4)	(9)
Interest Expense	4	35	12	63
Income Tax (Benefit) Expense	6	(3)	17	(13)
Depreciation and Amortization	12	38	34	85
In-Process R&D	-	-	-	36
Inventory Accounting Adjustment	-	-	-	16
Total Adjusted EBITDA	\$ 28	\$ 67	\$ 86	\$ 158

(1) 2007 Results include Actaris from date of acquisition on April 18, 2007.