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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒
Filed by a Party other than the Registrant ☐
Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☐ Definitive Proxy Statement
- ☒ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

ITERIS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a -6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies: _____
- (2) Aggregate number of securities to which transaction applies: _____
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0 -11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
- (4) Proposed maximum aggregate value of transaction: _____
- (5) Total fee paid: _____
- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0 -11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid: _____
- (2) Form, Schedule or Registration Statement No.: _____
- (3) Filing Party: _____
- (4) Date Filed: _____
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iteris

Iteris Executive Compensation

August 24, 2020

FY20 Business Results Summary

- Reported Fiscal 2020 total revenue of \$114.1 million, representing a 15% increase over Fiscal 2019
- Recorded total net bookings for Fiscal 2020 of \$121.0 million, up 15% year over year
- Concluded a highly over-subscribed public offering of 6,182,797 shares of our common stock in June 2019 that resulted in net proceeds of \$26.8 million
- Completed the acquisition of Albeck Gerken, Inc. which contributed approximately \$6.4 million of service revenue and approximately \$1.7 million of net income
- Initiated a process with DTN, LLC that led to the sale of the Company's AWA business segment for a total purchase price of \$12.0 million
- Negotiated certain beneficial agreements with DTN that will provide us with ongoing collaboration with our transportation software products, and a joint development agreement to pursue future joint opportunities in the global transportation market

Say on Pay Update

- Most recent stockholder advisory vote on NEO compensation
 - 72.4% Favorable (September 2019)
- Company solicited input from large stockholders on how to better align NEO compensation with stockholder interests
 - Conducted numerous informal discussions to obtain directional guidance, AND then
 - Engaged investors representing 61% of institutional shares held to provide feedback on strawman LTIP proposal
- Company implemented a performance based LTIP
 - Introduced a performance share (PSU) award for all Section 16 Officers
 - Established Revenue per Share and Cash Flow from Operations as performance metrics with a Total Shareholder Return modifier
 - Changed mix of equity awards from almost exclusively Options to mix of Options (50%), RSUs (25%), and PSUs (25%)
- Company adopted a clawback policy
- Company continues to engage with shareholders and evaluate additional enhancements to NEO compensation

Overview of Executive Comp Programs

What We Have	What We Do Not Have
<ul style="list-style-type: none"> + We have approximately 68% of target direct compensation for the chief executive officer (and 53% of the other named executive officers) that is performance-based or is at-risk + We have a performance-based long-term incentive plan commencing in Fiscal 2021 that utilizes PSUs, RSUs, and stock options + We have a clawback policy in place for our annual and long-term incentive plans + We have stock ownership guidelines in place for directors + We have an independent compensation consultant to advise our Compensation Committee + We have ongoing stockholder outreach efforts to obtain input on our compensation practices 	<ul style="list-style-type: none"> ✓ We do not provide 280G excise tax gross-ups ✓ We do not provide any pension or supplemental retirement benefits ✓ We do not provide for any "single trigger" equity vesting for equity awards ✓ We prohibit repricing options without shareholder approval ✓ We prohibit granting stock options with an exercise price below 100% of fair market value ✓ We do not provide any perquisites

Iteris TSR Performance vs Peers

As of 03/31/2020

	1-Year		5-Year
SeaChange	180%	Upland Software	31%
PCTEL	38%	Napco Security	21%
Digital Turbine	23%	Iteris	12%
OneSpan	-6%	Agilysys	11%
KVH Industries	-7%	IntriCon	8%
Clearfield	-19%	Digital Turbine	6%
Agilysys	-21%	Zix	2%
Majesco	-23%	PCTEL	0%
Iteris	-23%	Digi	-1%
Digi	-25%	OneSpan	-3%
Napco Security	-27%	Clearfield	-4%
Telenav	-29%	Intevac	-8%
MobileIron	-31%	TransAct Tech.	-9%
Intevac	-33%	KVH Industries	-9%
Upland Software	-37%	Telenav	-11%
Zix	-37%	EMCORE	-12%
EMCORE	-39%	SeaChange	-14%
IntriCon	-53%	MobileIron	-16%
Perceptron	-62%	Perceptron	-27%
TransAct Tech.	-65%	RealNetworks	-36%
AutoWeb	-73%	AutoWeb	-41%
RealNetworks	-77%	Majesco	n/a
75th Percentile	-13%		5%
Median	-29%		-6%
25th Percentile	-46%		-13%
Iteris Rank	62P		86P

CEO Pay Summary – Latest Year and 5-Year Average

Pay Elements	Iteris	Peer Data		
		25 th Percentile	Median	75 th Percentile
Latest Year				
Base Salary	\$430	\$403	\$480	\$541
Target Bonus (% Salary)	75%	75%	100%	100%
Target Total Cash Comp.	\$753	\$754	\$963	\$1,011
Long-Term Incentive Value	\$634	\$194	\$775	\$1,989
Target Total Direct Comp.	\$1,387	\$1,027	\$1,706	\$2,981
5-Year Average				
Base Salary	\$403	\$394	\$487	\$544
Target Bonus (% Salary)	76%	58%	83%	100%
Target Total Cash Comp.	\$710	\$667	\$905	\$1,007
Long-Term Incentive Value	\$739	\$218	\$624	\$1,288
Target Total Direct Comp.	\$1,449	\$961	\$1,501	\$2,272

Executive Compensation Summary

- Company is committed to microcap executive compensation best practices
 - Implemented a performance based LTIP for NEOs in response to stockholder input
 - Adopted additional executive compensation program enhancements
 - Committed to ongoing investor dialogue
- TSR performance vs Peer Group is in the 2nd quartile on a 1 year basis and in the 1st quartile on a 5 year basis
- CEO pay is below the 50th percentile of Peer Group across several key metrics



Thank You