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

Date of report (Date of earliest event reported): **February 24, 2015**

ITERIS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-08762**	**95-2588496**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1700 Carnegie Avenue, Suite 100, Santa Ana, California 92705
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(949) 270-9400**

Not Applicable
(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 the Securities Act

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Item 1.01. Entry into a Material Definitive Agreement

On February 25, 2015, Iteris, Inc. (the "***Company***" or "***Iteris***") announced the resignation of Abbas Mohaddes, the Company's Chief Executive Officer and President, and the appointment of Kevin C. Daly, Ph.D., currently a non-executive Director of the Company, as the interim Chief Executive Officer of the Company to serve in such role until the Company finds a permanent replacement for Mr. Mohaddes. Mr. Mohaddes also resigned from the Company's Board of Directors effective as of February 25, 2015.

In connection with this management change, the Company also entered into a Separation Agreement and Release of Claims dated February 25, 2015 with Abbas Mohaddes (the "***Agreement***"). Pursuant to this Agreement, the Company agreed to pay to Mr. Mohaddes the consideration set forth in his existing employment agreement with the Company, which consists of the following: (i) an amount equal to his then annual base salary, payable over 12 months in accordance with the Company's regular payroll practices; (ii) a bonus in the amount of $87,500, payable in a lump sum in March 2015; and (iii) reimbursement for his COBRA costs for the 12 months following his cessation of employment. Pursuant to this Agreement, Mr. Mohaddes has also agreed to provide transitional support services for up to six months for a monthly fee of $28,333.33. Mr. Mohaddes may terminate such services at any time after March 31, 2015, but the Company's obligation to pay the foregoing consulting fee shall also cease upon such termination. The foregoing description of the Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement, which is attached to this report as Exhibit 10.1 and is incorporated herein by reference.

On February 24, 2014, the Company entered into a Modification Agreement (the "***Amendment***") with California Bank & Trust ("***CB&T***"), which amends that certain Loan and Security Agreement dated February 4, 2009, as previously amended, by and between the Company and CB&T and the promissory notes and other documents relating thereto (as amended to date, collectively, the "***Loan Documents***"). The Amendment extended the expiration date of the line of credit under the Loan Documents from March 1, 2015 to October 1, 2016, reduced the Unused Line Fee and relaxed certain of the financial covenants contained therein. The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the Amendment, which is attached to this report as an exhibit and is incorporated herein by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

As indicated above, on February 25, 2015, Abbas Mohaddes, the Company's Chief Executive Officer, President and a member of the Company's Board of Directors resigned from all officer and director positions he held with the Company and all of its subsidiaries. Immediately thereafter, Kevin C. Daly, Ph.D assumed the roles of Chief Executive Officer and President of the Company on an interim basis until the Company hires a permanent replacement for Mr. Mohaddes. As the interim Chief Executive Officer of the Company, Dr. Daly will perform the functions of the Company's principal executive officer.

Dr. Daly has been a director of the Company since 1993. Dr. Daly has served as the Chief Executive Officer of Maxxess Systems, Inc., a provider of electronic security systems, since November 2005 but he is currently on leave from that position while he is serving as the Company's interim Chief Executive Officer. Between August 2007 and August 2009, Dr. Daly also served as Chief Executive Officer of iStor Networks, Inc., a manufacturer of IP SAN storage systems. Prior to that, he served as the Chief Executive Officer of several technology companies, including Avamar Technologies, Inc. and ATL Products, Inc., which was a publicly held company that was subsequently sold to Quantum Corporation. Dr. Daly served on the Board of Directors of sTec, Inc., a provider of solid state disk systems, from May 2010 until the acquisition of that company by Western Digital Corporation in September 2013. Dr. Daly received a B.S. degree in Electrical Engineering from the University of Notre Dame and M.S., M.A. and Ph.D degrees in Engineering from Princeton University.

The Company's Board of Directors has established a search committee to commence a search for the new Chief Executive Officer. In fulfilling its role, the search committee has retained Heidrick and Struggles, a leading professional services firm that provides executive search services, to help develop selection criteria, review candidates, conduct due diligence on qualified candidates and report the status of the search to the Board.

Since February 1, 2010, there has been no transaction or any currently proposed transaction in which the Company was or is to be a participant, in which Dr. Daly had or will have a direct or indirect material interest and the amount involved exceeds $120,000. While Dr. Daly is serving as the Company's Chief Executive Officer and President, the Company has agreed to pay Dr. Daly (or a company affiliated with him) a monthly payment of $45,000 as compensation for serving in this position.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Separation Agreement and Release of Claims dated February 25, 2015 between Iteris, Inc. and Abbas Mohaddes
10.2	Modification Agreement dated February 24, 2015 between the Iteris, Inc. and California Bank & Trust
99.1	Press Release of Iteris, Inc. dated February 25, 2015

SIGNATURE

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

Dated: February 27, 2015

ITERIS, INC.,
a Delaware corporation

By: /s/ Kevin C. Daly
Kevin C. Daly, Ph.D
Chief Executive Officer (Interim)

EXHIBIT INDEX

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Exhibit 10.1

EXECUTION VERSION

SEPARATION AGREEMENT
AND RELEASE OF ALL CLAIMS

This Separation Agreement and Release of All Claims (the "***Agreement***") is made and entered into by and among Abbas Mohaddes ("***Employee***"), and Iteris, Inc., a Delaware corporation (the "***Company***"). Employee and the Company are sometimes collectively referred to as the "***Parties***" or individually as a "***Party***."

RECITALS

A. Employee is resigning as the Company's President, Chief Executive Officer and Board member effective as of February 25, 2015 (hereinafter "***Separation Date***").

B. Employee and the Company are parties to that certain Employment Agreement dated July 29, 2013 (the "***Employment Agreement***"), and desire to clarify their respective rights and obligations under the Employment Agreement.

C. The Parties desire to end their relationship amicably and resolve any potential disagreements between them, and any matters pertaining to Employee's employment with the Company and related compensation as specified in this Agreement. In exchange for and conditioned on Employee entering into and remaining compliant with the terms of this Agreement, the Company has elected to offer Employee additional compensation and benefits to which he would not otherwise be entitled.

AGREEMENTS

Based upon the foregoing, and in consideration of the mutual promises contained in this Agreement, the Employee and the Company (for its benefit and the benefit of the other Releasees as defined below) agree, effective upon the date of the last signature hereto by the Company and Employee (the "***Effective Date***"), as follows:

1. Acknowledgements.

(a) Payments Received. Employee represents that he has full power and authority to enter into this Agreement. Employee further acknowledges and agrees that, other than the consideration set forth in this Agreement, he has been paid all amounts due and owing as of the Effective Date including but not limited to: (i) all base salary or other form of wages; (ii) all accrued but unused paid time off, including vacation; (iii) all expense reimbursements (other than valid business expenses incurred in February 2015 until the Separation Date in the ordinary course of business and in accordance with Company policies and for which adequate documentation of the same has been provided to the Company (the "***February Expenses***")); (iv) all other commissions, distributions, bonuses, stock and any other Company benefits due and owing as of the Effective Date; and (v) any contractual entitlements that Employee might otherwise be owed. Such payments shall in each case be less appropriate withholdings, and Employee confirms he is not owed any monies, including but not limited to those required under the California Labor Code, as of the Effective Date. Employee further understands, agrees and

Employee: AM
Company: GAM

acknowledges that the foregoing amounts are not consideration for this Agreement. Employee agrees to submit all documentation for the February Expenses prior to the Separation Date in accordance with the Company's reimbursement policies.

(b) Termination of Employment. Employee hereby resigns (i) as the Company's President and Chief Executive Officer, (ii) from the Company's Board of Directors; and (iii) from all other offices and positions Employee currently holds with the Company and any of its subsidiaries, in each case effective as of the Separation Date. Employee's employment with the Company will terminate effective as of the Separation Date.

(c) Confirmation of Shares. Employee is the record and beneficial owner of an aggregate of 902,588 shares of Common Stock of the Company (collectively the ***"Shares"***) and to the following options to purchase an aggregate of 705,000 shares of the Company's Common Stock (collectively, the "***Options***"), which were issued pursuant to the Company's equity incentive plans:

Option Grant Date	No. of Option Shares	Exercise Price	Options Vested and Exercisable as of the Separation Date (the "Vested Options")	Options Forfeited as of the Separation Date (the "Forfeited Options")
June 15, 2006	30,000	$ 2.21	30,000	0
March 14, 2007	100,000	$ 2.55	100,000	0
October 2, 2007	200,000	$ 2.34	200,000	0
May 27, 2009	100,000	$ 1.41	100,000	0
August 10, 2011	75,000	$ 1.10	56,250	18,750
July 29, 2013	100,000	$ 1.81	25,000	75,000
November 18, 2014	100,000	$ 1.87	0	100,000
	705,000		511,250	193,750

Except to the extent provided for herein, the exercise of Employee's vested Options shall continue to be governed by the terms and conditions of the Company's equity incentive plans and related agreements.

(d) Continuation of Service; Impact of Separation on Options. Employee is concurrently agreeing to provide certain bona fide transition consulting services to the Company and its subsidiaries as set forth in Section 2(d) herein. The Parties agree that the date of the cessation of Service as defined in the Company's equity incentive plans and his related agreements for all purposes shall be the earlier of (i) August 31, 2014; or (ii) the earlier termination of the Transition Period as set forth herein, but that no further vesting of any of the Options will take place after the Separation Date notwithstanding that such transition consulting services may occur after the Separation Date. As such, Employee shall have the right to exercise the Vested Options during the Transition Period and for three (3) months following the termination of the Transition Period. Employee further agrees that all of the Forfeited Options shall be cancelled and forfeited as of the Separation Date in accordance with the Company's equity incentive plans and the related agreements, without any further consideration or action required on the part of the Company. Employee acknowledges and agrees that except for the Shares and Options described in Section 1(c) above, Employee, directly or indirectly, (i) does not own any other securities of the Company and (ii) has no options, warrants or has any other rights to acquire any securities of the Company.

Employee: AM
Company: GAM

(e) Impact on Employment Agreement. The Parties agree that the Company shall have no further obligations under the Employment Agreement; provided however, Employee agrees that Sections 6 through 10 of the Employment Agreement shall continue in full force and effect in accordance with its terms following the termination of Employee's employment with the Company.

2. Consideration. The Parties recognize that, apart from this Agreement, the Company is not obligated to provide the Employee with certain of the benefits set forth in this Section 2. Subject to Employee's continued full compliance with the terms and conditions of this Agreement, the surviving Sections of the Employment Agreement, the Company agrees to provide Employee the following consideration:

(a) Salary Continuation Payments. The Company shall pay to Employee salary continuation payments in the aggregate amount of $380,000 (less applicable withholdings), representing Employee's base salary for twelve months (the "***Severance Amount***"), provided that Employee remains compliant with the obligations of this Agreement and the surviving Sections of the Employment Agreement (including, but not limited to, full compliance with Section 7 of this Agreement and Section 7 of the Employment Agreement). The Severance Amount shall be payable to Employee in 26 installments of $14.615.38, less applicable withholdings, on the Company's regular payroll dates in accordance with the Company's regular payroll practices commencing on the first regular pay period following the Effective Date until such Severance Amount has been paid in full, provided however, to the extent the Severance Amount has not been paid in full by March 15, 2016, the Company shall pay any amount of the Severance Amount that has not been paid as of such date in a lump sum payment no later than March 15, 2016. The Severance Amount shall be in lieu of any other severance payment payable to Employee, including but not limited to, any severance, salary continuation or other consideration under the Employment Agreement.

(b) Bonus. The Company shall pay to Employee a bonus payment in the amount of $87,500 (less applicable withholdings) (the "***Bonus***"), payable in a lump sum on the 30th day following the Effective Date. This Bonus shall be in lieu of any other bonus payment payable to Employee, including but not limited to, any bonus payment pursuant to Section 5.4(a)(ii) of the Employment Agreement.

(c) COBRA. Provided that Employee timely and properly elects continuation coverage under the Consolidated Omnibus Reconciliation Act of 1985, as amended, and all applicable regulations ("***COBRA***"), the Company shall reimburse Employee for the monthly COBRA premiums Employee pays to the Company to obtain health and dental coverage for Employee, but only to the extent that Employee was receiving such coverage as of the Effective Date (the "***Coverage Costs***"). In order to obtain reimbursement for the COBRA premiums, Employee must submit appropriate evidence to the Company of each periodic payment of Employee's COBRA premiums within thirty (30) days after the applicable payment date, and the Company will reimburse Employee for that payment within thirty (30) days after receipt of such submission. Employee will be eligible to receive such reimbursement until the earliest of: (i) the

Employee: AM
Company: GAM

expiration of twelve months following the Separation Date; (ii) the date on which Employee is no longer eligible to receive COBRA continuation coverage; or (iii) the date on which Employee becomes eligible to receive substantially similar coverage from another employer without cost to Employee. Employee agrees to notify the Company immediately if he becomes eligible to receive coverage under another group health plan. The Company shall report the reimbursement as taxable W-2 wages and collect the applicable withholding taxes, and the resulting tax liability shall be Employee's sole responsibility.

(d) Transition Services and Payments.

(i) As a material and key provision of this Agreement, and to facilitate the management transition to the interim Chief Executive Officer and/or successor Chief Executive Officer, the Parties agree that Employee shall provide certain transition services to the Company for a period of six months following the Effective Date unless earlier terminated in accordance with Section 2(d)(v) below (the "***Transition Period***"). The Parties agree that the transition services shall not exceed 20 hours in any given month.

(ii) Such transition services (the "***Transition Services***") may include, but are not limited to, the preparation of transition reports on client status, assistance with pending contract negotiations, customer transition communications and assistance, serving as a liaison with industry and professional organizations on behalf of the Company, and such other general transition assistance as may be requested from time to time by the Company's Chairman of the Board, the interim Chief Executive Officer, and/or the successor Chief Executive Officer.

(iii) While providing the Transition Services, Employee shall remain bound by any confidentiality agreements he entered into with the Company, including but not limited to those confidentiality obligations contained hereunder and under that certain Iteris Associate Agreement dated October 1, 2001 between the Company and Employee (the "***Existing Confidentiality Agreement***") notwithstanding the fact that his employment has been terminated. Moreover, in order to protect the sensitive confidential and proprietary information belonging to the Company that Employee may access during the Transition Period, Employee agrees that he shall not, without prior written consent of the Company's Chairman of the Board, directly or indirectly, provide any concurrent services during the Transition Period (as an employee, independent contractor, advisor, or otherwise) to any business that is competitive with that of the Company, and that his receipt of the Transition Payments is conditioned on Employee's compliance with the foregoing.

(iv) Provided that Employee has not revoked Section 5(d) of this Agreement prior to the end of the seven day revocation period set forth in Section 5(d)(iv) herein and remains fully compliant with the terms of the this Agreement and the surviving Sections of the Employment Agreement, then in addition to the payments and benefits set forth above, in exchange for Employee providing the Transition Services in good faith, the Company agrees to pay Employee (either directly or through an entity controlled by Employee) transition payments that total up to $170,000 in the aggregate, less applicable withholdings, payable in six (6) equal monthly installments of $28,333.33 (the "***Transition Payments***"), commencing on the last day of the calendar month in which the revocation period set forth in this Section has lapsed. The Transition Payments shall be treated as payments to an independent contractor (without

withholdings) unless the Company's tax accountants advise the Company that such treatment would not comply with the applicable law and the related regulations. Other than the Transition Payments, the Parties agree that Employee shall not be entitled to any other compensation or benefits in exchange for providing the Transition Services. In the event Employee revokes Section 5(d) within the seven (7) day revocation period provided for in such Section, then Employee shall not be obligated to provide any Transition Services to the Company and the Company shall not be obligated to pay any of the Transition Payments. The Company shall also reimburse Employee for valid business expenses incurred during the Transition Period in the ordinary course of business and in accordance with Company policies and for which adequate documentation of the same has been provided to the Company, including, without limitation the monthly cost of Employee's existing cell phone during the Transition Period. Notwithstanding the foregoing, any expenses in excess of $500 must be approved in writing in advance by the Company's Chairman of the Board, the interim Chief Executive Officer or the replacement Chief Executive Officer in order to qualify for the foregoing expense reimbursement.

(v) At any time after March 31, 2015, Employee may terminate this Transition Services arrangement by providing written notice to the Company's Chairman of the Board of such termination, and Termination Period shall end on the date such notice is given. Employee shall not be required to provide any further Transition Services under this Section 2(d), and the Company shall have no further obligation to make any further Transition Payments for any period after the date of such termination; provided however, the final Transition Payment for the month in which the Transition Services are terminated shall be prorated on daily basis up to the termination date.

(e) Withholding Taxes. The Company shall deduct from any and all payments hereunder, including any consideration under this Section 2, any withholding taxes and other lawful deductions the Company deems appropriate.

3. No Rights to Additional Benefits; No Admission of Liability. Employee acknowledges and agrees that, apart from this Agreement, the Company is not obligated to provide Employee with certain of the benefits set forth hereunder, including the Bonus and certain other consideration referenced in Section 2, and that such consideration is in exchange for entering into this Agreement. Employee will not at any time seek additional consideration in any form from the Company except as expressly set forth in this Agreement. The Parties specifically acknowledge and agree that this Agreement is a compromise of any potential disputed claims. The Parties agree that this Agreement, and performance of the acts required by it, does not constitute an admission of liability, culpability, negligence or wrongdoing on the part of anyone, and will not be construed for any purpose as an admission of liability, culpability, negligence or wrongdoing by any Party.

4. Taxes. Notwithstanding any tax deductions and withholdings permitted by Section 2(e) above, Employee shall pay in full when due, and shall be solely responsible for, any and all federal, state or local income taxes that are or may be assessed against Employee relating to the consideration provided hereunder, including the severance payments or other consideration received pursuant to this Agreement, as well as all interest or penalties that may be owed in connection with such taxes. Employee is not relying on any representations or conduct of the Company with respect to the adequacy of any withholdings.

Employee: AM
Company: GAM

5. Release.

(a) General Release. Each of Employee (on behalf of himself his spouse, successors, heirs, and assigns), subject to the exceptions of Section 5(c) of the Agreement, fully and forever releases, discharges, and agrees not to sue, the Company or any of its current, former and future parents, subsidiaries, related entities, employee benefit plans and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, attorneys, employees and assigns (collectively, "***Releasees***"), with respect to any and all claims, liabilities and causes of action, of every nature, kind and description, in law, equity or otherwise, which have arisen, occurred or existed at any time prior to the Effective Date, including, without limitation, any and all claims, liabilities and causes of action arising out of or relating to the Employment Agreement, the Options, Employee's services to the Company, working conditions, and cessation of employment with the Company.

(b) Release of Employment Related Claims. Employee understands and agrees that he is waiving any and all rights he may have had through the Effective Date to pursue any and all remedies available to him under any employment-related cause of action, including without limitation, claims of wrongful discharge, breach of contract (both express and implied), interference with contract or prospective economic advantage, breach of the covenant of good faith and fair dealing, fraud, promissory estoppel, violation of public policy, retaliation, defamation, libel, slander, discrimination, physical injury, emotional distress, invasion of privacy, negligent or intentional misrepresentation, claims under the Employee Retirement Income Security Act (except for claims for vested benefits under a pension or retirement plan), the Federal Rehabilitation Act, the Family and Medical Leave Act, the Equal Pay Act, the Fair Credit Reporting Act, the California Fair Employment and Housing Act, the California Family Rights Act, the Fair Labor Standards Act, the releasable provisions of the California Labor Code and any other federal, state or local laws and regulations relating to employment, conditions of employment, employment discrimination or harassment, and any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement. Employee also understands and agrees that, other than Employee's rights under the Shares and the Vested Options that are described in Section 1(c), he is relinquishing, waiving and releasing any and all rights Employee may have had relating to the Forfeited Options and any other stock, stock options, agreements or options to purchase stock, or rights relating to such stock or stock options, including, but not limited to, vesting and exercise rights. Additionally, Employee understands and agrees that he is relinquishing, waiving and releasing any and all rights for monetary damages pursuant to Title VII of the Civil Rights Act of 1964, as amended, and the Americans with Disabilities Act, as amended. Employee acknowledges that he is waiving such claims in exchange for good and valuable consideration that he acknowledges he is receiving by this Agreement that is in addition to anything of value to which he is otherwise already entitled. Notwithstanding the foregoing, this release shall not extend to claims for indemnification in third party actions (i.e., those actions not brought by Employee or at his direction or assistance) under that certain Indemnification Agreement dated April 18, 2005 between the Company and Employee; provided however, that Employee shall provide written notice to the Company of any such claim subject to indemnification within fifteen (15) days of receipt of notice of such claim by Employee.

Employee: AM
Company: GAM

(c) Exception to Release. Although this is an otherwise general release, it does *not* apply to: (i) rights or claims that arise after the Effective Date; (ii) claims for insurance benefits under COBRA; (iii) claims for unemployment compensation and/or workers' compensation; (iv) claims with respect to vested benefits under a pension or retirement plan governed by the Employee Retirement Income Security Act; (v) claims for breach of this Agreement or the Vested Options; and (vi) claims that, as a matter of applicable law, are not waivable or otherwise subject to release.

(d) ADEA Waiver. Employee expressly acknowledges and agrees that, by entering into the Agreement, Employee is knowingly and voluntarily waiving any and all rights or claims that he may have arising under the Age Discrimination in Employment Act of 1967, as amended (the "***ADEA***"), and the Older Workers' Benefit Protection Act, as amended ("***OWBPA***") which have arisen on or before the Effective Date. Employee also expressly acknowledges and agrees that:

(i) In return for the release contained in this Section 5(d), Employee will receive the consideration set forth in Section 2(d) (*i.e.*, something of value, beyond that to which he was already entitled before entering into the Agreement);

(ii) Employee has been advised by this writing that he should consult with an attorney prior to executing this Agreement;

(iii) This Agreement was presented to Employee on or before February 22, 2015, and Employee has twenty-one (21) days within which to consider this Agreement (in the event Employee signs this Agreement and returns it to the Company in less than the 21-day period, he acknowledges that he has freely and voluntarily chosen to waive the time period allotted for considering this Agreement; the Parties agree that any changes to this Agreement, whether material or immaterial, do not restart this 21-day consideration period);

(iv) Employee has seven (7) days following his execution of this Agreement to revoke Section 5(d) of this Agreement, and such Section shall not be effective until after the seven (7) day revocation period has expired. Employee understands that any such revocation must be made in writing and personally delivered to Iteris, Inc., 1700 Carnegie Avenue, Suite 100, Santa Ana, CA 92705, Attention: Greg Miner, Chairman of the Board within such seven (7) day revocation period. Employee understands and agrees that if he revokes this Agreement, then the release contained in Section 5(d) of this Agreement shall be cancelled and rendered void and of no further force or effect, and no Transition Payments shall be made to Employee hereunder; and

(v) Nothing in the Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of the waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law.

Employee: AM
Company: GAM

(e) Permitted Disclosures and Actions. Notwithstanding any provisions set forth herein, this Agreement does not (i) prevent or prohibit Employee from filing a claim with a federal, state or local government agency responsible for enforcing a law on behalf of the government, such as the Equal Employment Opportunity Commission ("***EEOC***"), Department of Labor ("***DOL***"), National Labor Relations Board **("*NLRB*"**), Securities Exchange Commission ("***SEC***"), or their applicable state and/or local equivalent. Moreover, this Agreement does not prohibit or restrict Employee, the Company, or the other Releasees from lawfully: (i) initiating communications directly with, cooperating with, providing relevant information (including but not limited to information regarding the existence of or facts and circumstances underlying this Agreement), or otherwise assisting in an investigation by (A) the SEC, or any other governmental, regulatory, or legislative body regarding a possible violation of any federal law relating to fraud or any SEC rule or regulation; or (B) the EEOC or any other governmental authority with responsibility for the administration of fair employment practices laws regarding a possible violation of such laws; (ii) responding to any inquiry from any such governmental, regulatory, or legislative body or official or governmental authority, including an inquiry about the existence of this Agreement or its underlying facts or circumstances; or (iii) participating, cooperating, testifying, or otherwise assisting in any governmental action, investigation, or proceeding relating to a possible violation of any such law, rule or regulation. Further, nothing in this Agreement shall prohibit or restrict Employee from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC or any other federal or state regulatory authority regarding this Agreement or its underlying facts or circumstances, or regarding any potentially fraudulent or suspicious activities. However, to the fullest extent permitted by law, Employee agrees that if any claim, charge, complaint or action against the Company covered by the release provision of this Agreement is brought by Employee, for Employee's benefit or on Employee's behalf, Employee expressly waives any claim to any form of monetary or other damages, including attorneys' fees and costs, or any other form of personal recovery or relief from the Company based upon any such claim, charge, complaint or action. To the extent Employee receives any personal or monetary relief from the Company based on any such claim, charge, complaint or action, the Company will be entitled to an offset for the payments made pursuant to this Agreement.

(f) Release of Unknown Claims. Employee acknowledges that he has been advised to consult with legal counsel and is familiar with and expressly waives any and all rights and benefits conferred upon Employee by Section 1542 of the California Civil Code or any similar provision of any other state law that contains a provision similar to the following:

> **A general release does not extend to claims which the creditor [*e.g.* Employee] does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor [*e.g.* the Company and other Releasees].**

Employee expressly agrees and understands that the release given by him pursuant to this Agreement applies to all unknown, unsuspected and unanticipated claims, liabilities and causes of action which such Employee may have against the Company or any of the other Releasees.

Employee: AM
Company: GAM

(g) Mistakes in Fact; Voluntary Consent. Employee expressly and knowingly acknowledges that, after the execution of this Agreement, Employee may discover facts different from or in addition to those that he now knows or believes to be true with respect to the claims released in this Agreement. Nonetheless, this Agreement shall be and remain in full force and effect in all respects, notwithstanding such different or additional facts, and Employee intends to fully, finally, and forever settle and release those claims released in this Agreement. In furtherance of such intention, the release given in this Agreement shall be and remain in effect as a full and complete release of such claims, notwithstanding the discovery and existence of any additional different claims and Employee assumes the risk of mistakes, and if Employee should subsequently discover that any fact relied upon in entering into this Agreement was untrue or that his understanding of the facts or law was incorrect, Employee shall not be entitled to set aside this Agreement or the settlement reflected in this Agreement or be entitled to recover any damages on that account.

(h) Employee represents and warrants that he does not presently believe that he suffers from any work-related injury or illness.

6. No Lawsuits. Employee represents that he has not filed any claims, charges, complaints or actions against the Company or any of the Releasees, or assigned to anyone any charges, complaints, claims or actions against the Company or any of the Releasees. Employee agrees to take any and all steps necessary to insure that no lawsuit arising out of any claim released herein shall ever be prosecuted by such Employee or on his behalf in any forum, and hereby warrants and covenants that no such action has been filed or shall ever be filed or prosecuted, subject to the exceptions of Section 5(c) of the Agreement. Employee also agrees, subject to the exceptions of Section 5(c) of the Agreement, that if any claim is prosecuted in his or its name before any court or administrative agency that Employee waives and agrees not to take any award or other damages from such suit to the extent permissible under applicable law. Employee further agrees to cooperate fully with the Company in the event of a lawsuit or threat of lawsuit arising out of acts and events occurred during Employee's employment with the Company; provided that Employee is reasonably compensated for his time and services after the Consulting Period. .

7. Confidentiality; Impact on Employment Agreement and Confidentiality Agreement.

(a) Employee agrees that he will not, directly or indirectly, disclose to others, except to the extent required by law, subpoena and as discussed in Sections 5(c) and 5(e) of the Agreement or otherwise lawfully and publicly disclosed by the Company, (i) any of the negotiations related to this Agreement, or (ii) any disparaging information pertaining to or relating to Employee's employment with the Company, or the Company's employees, directors or agents, except that Employee may disclose such facts to his attorneys, accountants, insurers or other professional advisors to whom the disclosure is necessary to effect the purpose for which the professional has been consulted, provided that the professional agrees to be bound by his confidentiality provision. Except as otherwise specifically provided herein, Employee agrees that if ever asked to disclose any fact covered by this Section he must state words to the effect of "I cannot comment" until such time when the information becomes available in the public

Employee: AM
Company: GAM

domain through no fault of Employee. Notwithstanding the foregoing, nothing contained in this Section shall preclude Employee from revealing or describing Employee's employment with the Company to prospective employers; provided however, such disclosure shall be limited to the fact that Employee was employed by the Company, the dates of his employment, his job titles, and the nature and depth of his job responsibilities and accomplishments while employed by the Company. Employee agrees to direct all requests for references to Kevin Daly, Interim Chief Executive Officer, c/o Iteris, Inc., 1700 Carnegie Avenue, Suite 100, Santa Ana, CA 92705 (Email: kdaly@maxxess-systems.com). The obligations contained in this Section shall be in addition to the Existing Confidentiality Agreement, as well as the provisions of Section 7 of the Employment Agreement (including, without limitation, the non-disparagement, confidentiality, non-solicitation and other provisions contained therein), which shall remain in full force and effect and any other confidentiality agreements between the Parties, all of which Employee agrees to continue to comply with. Notwithstanding the foregoing, nothing in this Agreement shall be construed as precluding disclosure where such disclosure is required and compelled by law, or otherwise permitted by Sections 5(c) and 5(e) of this Agreement. In the event that Employee is required and compelled by law to disclose any such matters, except where disclosure is permitted pursuant to Sections 5(c) and 5(e) of this Agreement, Employee will first give fifteen (15) days advance written notice (or, in the event that it is not reasonably practicable to provide fifteen (15) days written notice, as much written notice as is reasonably practicable under the circumstances) to the Company so that the Company may present and preserve any objections that it may have to such disclosure and/or seek an appropriate protective order. Employee acknowledges and agrees that this Section is a material inducement to the Company's entering into this Agreement, and further acknowledges and agrees that any breach of this Section by such Employee shall subject him to a claim for damages or equitable relief (or both), including but not limited to injunctive relief.

(b) Public Announcement. Prior to the execution of this Agreement, the Parties shall have mutually approved the form of press release announcing Employee's resignation from the Company. Neither Party shall make any additional public announcement relating to Employee's cessation of employment without the prior consent of the other party, except that to the extent the Company believes it is required to make such disclosures pursuant to the applicable securities laws and related regulations, the Company may make such disclosures without Employee's consent provided that either (i) the Company affords Employee the opportunity to review and comment on such disclosure at least 24 hours prior to such disclosure; or (ii) such disclosure is substantially identical to information that have previously been publicly announced in accordance with this Section.

(c) Non-Solicitation. Employee agrees that for a period of twenty-four (24) months immediately following the Effective Date of this Agreement, Employee shall not directly or indirectly solicit any of the Company's employees to leave their employment at the Company. This provision shall be in addition to the non-solicitation provisions that are set forth in the Employment Agreement, which shall remain in full force and effect.

(d) Company Non-Disparagement. For three (3) years following the Effective Date, the Company shall refrain from making, either orally or in writing, directly or indirectly, disparaging statements about Employee, except that the Company may make any truthful

Employee: AM
Company: GAM

statement to the extent (i) necessary to rebut any untrue public statements made about the Company; (ii) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including the enforcement of this Agreement or the Employment Agreement; (iii) required by law or regulation, or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with jurisdiction over the Company; or (iv) made as a good faith competitive statement in the ordinary course of business.

8. Return of Company Property. Employee understands, acknowledges and agrees that whether or not Employee signs this Agreement, he has both a contractual and common law obligation to protect the confidentiality of the Company's trade secret information after the termination of Employee's employment for so long as the information remains confidential. Employee further agrees to immediately return all Company property in his possession, including but not limited to documents, all materials, documents, photographs, handbooks, manuals, electronic records, files, cellular telephones, keys and access cards, prior to the Effective Date, but excluding Employee's Company issued cell phone, laptop computer and iPad, which Employee may retain as Employee's personal property provided that Employee returns such devices to the Company so that the Company can remove all of the Company's information and data from such devices.

9. Non-Assignment. Employee represents and warrants that Employee has not assigned or transferred any portion of any claim or rights he has or may have to any other person, firm, corporation or any other entity, and that no other person, firm, corporation, or other entity has any lien or interest in any such claim.

10. Section 409A

(a) Interpretation. The payments and benefits under this Agreement (including, without limitation, the COBRA premium reimbursements provided pursuant to Section 2(c)) are intended, where possible, to comply with the exemption to Internal Revenue Code Section 409A ("***Section 409A***") described in Treasury Regulation Section 1.409A 1(b)(4). Any COBRA premium reimbursement payments provided pursuant to Section 2(c) that do not comply with such exemption are intended, where possible, to comply with the exemption to Section 409A described in Treasury Regulation Section 1.409A-1(b)(4). Accordingly, the provisions of this Agreement shall be applied, construed and administered so that such payments or benefits qualify for the exceptions described above, to the maximum extent allowable. For purposes of this Agreement, each amount to be paid or benefit to be provided to Employee shall be treated as a separate identified payment or benefit for purposes of Section 409A.

(b) Reimbursements. The following provisions shall be in effect for any reimbursements to which Employee otherwise becomes entitled under this Agreement that are not otherwise exempt from the requirements of Section 409A, in order to assure that such reimbursements and allowances are effected in compliance with the applicable requirements of Section 409A: (i) the amount of expenses eligible for reimbursement during any one calendar year shall not affect the amount of expenses eligible for reimbursement hereunder in any other calendar year; (ii) Employee's right to reimbursement cannot be liquidated or exchanged for any other benefit or payment; and (iii) in no event will any expense be reimbursed after the close of the calendar year following the calendar year in which that expense is incurred.

Employee: AM
Company: GAM

11. Miscellaneous Provisions.

(a) Breach. The Company will have no further obligations pursuant to this Agreement or the Employment Agreement in the event Employee breaches any material provision of this Agreement or the Employment Agreement. For the purposes of clarity, the breach of any provision contained in Section 7 of this Agreement and Section 7 of the Employment Agreement shall be deemed to be a breach of a material provision of the Agreement and Employment Agreement, respectively.

(b) Injunctive Relief. Without intending to limit the remedies available to the Company, the Employee acknowledges that a breach of any of the covenants contained in Section 7 of this Agreement or Section 7 of the Employment Agreement may result in the material and irreparable injury to the Company, or its affiliates or subsidiaries, for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such breach or threat: (i) the Company shall be entitled to a temporary restraining order and/or a preliminary or permanent injunction restraining the Executive from engaging in activities prohibited by Section 7 of this Agreement and Section Sections 7 of the Employment Agreement; and (ii) any remaining payments due to Employee under Section 2 shall be forfeited, and the Transition Period shall end. If for any reason it is held that the restrictions under this Section are not reasonable or that consideration therefor is inadequate, such restrictions shall be interpreted or modified to include as much of the duration or scope of identified in this Section as will render such restrictions valid and enforceable.

(c) Integration. This Agreement, and such documents that are survived by reference in this Agreement, constitute a single, integrated written contract expressing the entire agreement of the Parties concerning the subject matter referred to in this Agreement. No covenants, agreements, representations, or warranties of any kind whatsoever, whether express or implied in law or fact, have been made by any Party to this Agreement, except as specifically set forth in this Agreement. All prior and contemporaneous discussions, negotiations, and agreements have been and are merged and integrated into, and are superseded by, this Agreement.

(d) Modifications. No modification, amendment, or waiver of any of the provisions contained in this Agreement shall be binding upon any Party to this Agreement unless made in writing and signed by each of the Parties, nor shall be asserted by any Party based upon any act or performance unless evidenced by a specific writing acknowledging the same by the Party to be charged.

(e) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law and to carry out each provision herein to the greatest extent possible, but if any provision of this Agreement is held to be void, voidable, invalid, illegal or for any other reason unenforceable, the validity, legality and enforceability of the other provisions of this Agreement will not be affected or impaired thereby, and will be interpreted so as to effect, as closely as possible, the intent of the Parties hereto.

Employee: AM
Company: GAM

(f) Non-Reliance on Other Parties. Except for statements expressly set forth in this Agreement, neither of the Parties has made any statement or representation to any other Party regarding a fact relied on by the other Party in entering into this Agreement, and no Party has relied on any statement, representation, or promise of any other Party, or of any representative or attorney for any other Party, in executing this Agreement or in making the settlement provided for in this Agreement.

(g) Negotiated Agreement. The terms of this Agreement are contractual, not a mere recital, and are the result of negotiations between the Parties. Accordingly, no Party shall be deemed to be the drafter of this Agreement. The Company shall bear its own costs, attorneys' fees, and other fees incurred in connection with the negotiation and preparation of this Agreement and shall reimburse Employee for up to $5,000 of Employee's reasonable costs, attorneys' fees and other fees incurred by Employee in connection with the negotiation and preparation of this Agreement.

(h) Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the heirs, successors, and assigns of the Parties hereto and each of them. In the case of the Company, this Agreement is intended to release and inure to the benefit of the Company and the Releasees.

(i) Applicable Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of California without taking into account conflict of law principles.

(j) Facsimile and Counterpart. This Agreement may be executed via facsimile and in one or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument, binding on the Parties.

EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE HAS CAREFULLY READ, UNDERSTOOD, AND VOLUNTARILY SIGNED THIS AGREEMENT, THAT EMPLOYEE HAS HAD AT LEAST 21 DAYS IN WHICH TO CONSIDER AND REVIEW THE AGREEMENT, THAT HE HAS HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF HIS CHOICE, AND THAT EMPLOYEE SIGNS THIS AGREEMENT WITH THE INTENT OF RELEASING THE COMPANY AND THE RELEASEES FROM ANY AND ALL CLAIMS.

ACCEPTED AND AGREED TO:

ITERIS, INC.	EMPLOYEE:
BY: /s/ GREG MINER	/S/ ABBAS MOHADDES
Greg Miner, Chairman of the Board	ABBAS MOHADDES
Dated: February 25, 2015	Address:
	Dated: February 25, 2015

Employee: AM
Company: GAM

Exhibit 10.2

Loan No. 0411094-9001

MODIFICATION AGREEMENT

THIS MODIFICATION AGREEMENT is entered into at Irvine, California, as of February 20, 2015, between Iteris, Inc., a Delaware corporation, with an address of 1700 Carnegie Avenue, Suite 100, Santa Ana, California 92705 ("Borrower"), and California Bank & Trust, a California banking corporation, with an address of 3420 Bristol Street, Costa Mesa, California 92626 ("Bank").

WHEREAS, pursuant to that certain Loan and Security Agreement, dated February 4, 2009, between Borrower and Bank (as previously amended, modified or supplemented, the "Loan and Security Agreement"), Bank agreed to extend credit and make certain financial accommodations to Borrower, subject to the terms and conditions set forth in the Loan Documents, including without limitation a revolving line of credit which matures on March 1, 2015, respecting which Bank agreed to lend to Borrower, upon Borrower's request, a revolving loan and advances thereunder (collectively, the "Revolving Loan"), in the aggregate principal amount of up to Twelve Million and No/100 Dollars ($12,000,000.00) (the "Revolving Loan Amount").

WHEREAS, the Revolving Loan is evidenced by that certain Amended and Restated Revolving Note, dated February 4, 2009 (as previously amended, modified or supplemented, the "Revolving Note"), by Borrower in favor of Bank in the face amount of the Revolving Loan Amount.

WHEREAS, pursuant to the Loan and Security Agreement, Borrower granted Bank a first-priority security interest in and lien on the personal property described therein (the "Personalty");

WHEREAS, the Loan and Security Agreement, the Revolving Note and all other documents and instruments executed in connection with or relating to the Revolving Loan are referred to herein, collectively, as the "Loan Documents"; and the Personalty and all other collateral granted to Bank to secure the Revolving Loan is referred to herein, collectively, as the "Collateral";

WHEREAS, Borrower has requested and Bank has agreed to make certain amendments to the Revolving Loan and the Loan Documents in accordance with the terms and conditions set forth herein; and

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Bank mutually agree as follows:

1. MODIFICATION

1.1 Recitals. The above recitals are hereby made a part of this Agreement, and Borrower acknowledges and agrees that each of the recitals is true, correct and complete.

1.2 Ratification. All of the terms, covenants, provisions, representations, warranties and conditions of the Loan Documents, as amended or modified hereby, are ratified, acknowledged, confirmed and continued in full force and effect as if fully restated herein.

1.3 Collateral. Borrower confirms and ratifies its continuing mortgage, pledge, assignment and grant of security interest in and lien on the Collateral to and in favor of Bank as set forth in the Loan Documents.

1.4 Principal Balance. Borrower acknowledges, agrees and confirms that, as of the date hereof, the current outstanding principal balance under the Revolving Loan is zero and a Stand-By Letter of Credit has been issued and is outstanding for the account of Borrower in the amount of $14,365.00.

1.5 Amendments to Loan and Security Agreement. The Loan and Security Agreement is hereby amended as follows:

(a) Section 1.1(a) (Revolving Loan) is amended to extend the expiration date of Bank's obligation to make advances under the Revolving Loan and evidenced by the Revolving Note from March 1, 2015 to October 1, 2016, and the reference to "March 1, 2015" in Section 1.1(a) is changed to "October 1, 2016".

(b) Section 2.2(i) is deleted in its entirety and replaced with the following:

(i) "Permitted Indebtedness" shall mean (i) Borrower's indebtedness to Bank under this Agreement or any other Loan Document; (ii) indebtedness existing on the date hereof in a principal amount not in excess of $125,000; (iii) indebtedness subordinated to the Obligations pursuant to an agreement in form and substance acceptable to Bank in its good faith business judgment; (iv) indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business; (v) capitalized leases and purchase money Indebtedness secured by Permitted Liens in an aggregate amount not exceeding $250,000 at any time outstanding; (vi) indebtedness arising in connection with the financing of insurance premiums in the ordinary course of business; (vii) indebtedness owing to trade creditors arising in the ordinary course of business consistent with past business practices; (viii) indebtedness arising in connection with corporate credit cards issued for employees and officers of Borrower in an aggregate amount not to exceed $250,000 at any time; and (ix) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness, provided, that the principal amount thereof is not increased and the terms thereof are not modified to impose more burdensome terms upon Borrower.

(c) Section 2.2(j) is deleted in its entirety and replaced with the following:

(j) "Permitted Investments" shall mean, so long as no Event of Default shall have occurred and be continuing at the time of any such investments or immediately after any such investments as a result thereof, (i) investments in subsidiaries that are secured guarantors in an aggregate amount not to exceed $500,000 in any fiscal year; (ii) repurchases of stock of Borrower of up to $100,000 per fiscal year from departing employees or officers; (iii) purchases of shares of Borrower's common stock pursuant to any stock repurchase program approved by the Board of Directors of Borrower to repurchase in the market any of its stock, which repurchased stock shall have an aggregate purchase price of no more than $4,000,000 in any fiscal year during the current term of the Revolving Loan (not including any extension or renewal periods following the current term) and no more than a total of $8,000,000 during the period from October 1, 2014, to October 1, 2016; provided, that no proceeds from the Revolving Loan shall be used for any such repurchases and, provided, further, that Bank may elect, in its sole discretion, to extend the period of such permitted repurchases for any renewal or extension periods of the Revolving Loan on terms acceptable to Bank, in its sole discretion; (iv) investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business; (v) investments existing on the date hereof as disclosed on Schedule PI attached hereto; and (vi)(A) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any state thereof maturing within one (1) year from the date of acquisition thereof, (B) commercial paper maturing no more than one year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (C) Bank's certificates of deposit maturing no more than one year from the date of investment therein, and (D) a money market account with Bank, provided, that, in each of the cases set forth in this clause (vi), Bank is granted a perfected first-priority security interest by Borrower therein.

(d) A new subsection (h) is added immediately after subsection (g) under Section 4.3 (Financial Statements) as follows:

(h) within thirty (30) days after the end of each fiscal year, annual projections of Borrower, in form and substance acceptable to Lender, for the following fiscal year.

(e) A new subsection (vii) is added immediately after subsection (vi) under Section 5.1(a) (Definitions) as follows:

(vii) "Quick Ratio" shall mean, for any date of determination, the sum of cash, cash equivalents and trade receivables, in each case as of such date, to Current Liabilities as of such date.

(f) Section 5.1(b) (Current Ratio) is hereby deleted in its entirety and replaced with the following:

(b) Quick Ratio. Borrower shall maintain a Quick Ratio of not less than 1.00 to 1.00, measured as of the end of each fiscal quarter.

(g) Section 5.1(e) (Profitability) is hereby deleted in its entirety and replaced with the following:

(e) [Intentionally omittted]

(h) Section 5.8 (Capital Expenditures) is deleted in its entirety and replaced with the following:

5.8 Capital Expenditures. Borrower shall not, directly or indirectly, make or commit to make capital expenditures by lease, purchase or otherwise, except (a) in the ordinary and usual course of business up to an aggregate limit of $2,000,000.00 or (b) with Bank's prior written consent

(i) Section 6 of the Loan and Security Agreement regarding the Stand-By Letters of Credit Subline is hereby amended as follows:

(i) The date set forth in the last sentence of the first paragraph under Section 6, providing for the maximum expiration date permitted for Stand-By Letters of Credit extended by Bank under the Stand-By Letter of Credit Subline, is amended from October 1, 2014 to October 1, 2016.

(ii) The date set forth in the first sentence of Section 6.1(d), identifying Stand-By Letters of Credit for which Borrower is required to provide beneficiary letters of cancellation or cash collateral if such Stand-By Letters of Credit are outstanding on such date, is amended from October 1, 2014 to October 1, 2016.

1.6 Amendment to Revolving Note. The Revolving Note is hereby amended as follows:

(a) The Maturity Date set forth in the first paragraph on page 1 of the Revolving Note is hereby amended from October 1, 2014 to October 1, 2016.

(b) The seventh paragraph of the Revolving Note is deleted in its entirety and replaced with the following:

> For as long as the credit facility evidenced by this Note remains in existence, Borrower shall pay to Bank a fee ("Unused Line Fee") in the form of additional interest on that portion of the maximum principal amount of this Note that on each day is not outstanding ("Unused Portion"), which interest shall accrue daily by multiplying the Unused Portion each day by a per diem rate equal to 0.15% divided by 360. The Unused Line Fee shall be due and payable quarterly in arrears.

(c) The Interest Rate Election Rider attached to the Revolving Note is deleted in its entirety and replaced with the Interest Rate Election Rider that is attached to this Agreement as Exhibit A.

1.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original but all of which shall constitute but one agreement.

Except as modified and amended herein, all other terms and conditions as stated in the Loan and Security Agreement and in all other Loan Documents shall remain unchanged and continue in full force and effect.

[Remainder of page intentionally left blank]

Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Loan and Security Agreement.

Executed and effective as of the date first written hereinabove.

Borrower:

Iteris, Inc.,
a Delaware corporation

By: /s/ABBAS MOHADDES
Abbas Mohaddes, Chief Executive Officer

Accepted:

California Bank & Trust,
a California banking corporation

By: /S/ SERGIO ALFONSO
Sergio Alfonso, Vice President

EXHIBIT A

INTEREST RATE ELECTION RIDER

1. INTEREST RATES; PAYMENTS AND PREPAYMENTS

1.1 Interest Rates. So long as no Event of Default shall have occurred and be continuing and subject to the other terms of this Note, the outstanding principal balance shall bear interest at a rate per annum based on the type of advance that Borrower selects in accordance with Section 1.2 and the other provisions of this Note, which shall be equal to (a) the Wall Street Journal Prime Rate if an advance based on a variable rate is selected (a "Variable Rate Advance") or (b) Two-and-One-Quarter Percent (2.25%) above the LIBOR Rate for an Interest Period of one, two or three months (but which in no event shall be longer than the remainder of the term of this Note) if an advance based on a LIBOR Rate (a "LIBOR Advance") is selected.

1.2 Rate Selection. When Borrower desires to select an interest rate, Borrower shall give Bank three(3) days' prior written notice specifying the effective date thereof (which shall be a Banking Day), the type of advance, the amount of advance and, for LIBOR Advances, the duration of the first Interest Period therefor. Any such notice shall be irrevocable and shall be subject to other terms and conditions set forth in this Note. If Bank does not receive timely notice of a requested LIBOR Advance, Borrower shall be deemed to have selected a Variable Rate Advance. Each LIBOR Advance may only be requested in increments of $500,000.00 and no more than two (2) LIBOR Advances may be outstanding at any one time. If any interest rate is selected, Bank shall record on the books and records of Bank an appropriate notation evidencing such selection, each repayment on account of the principal thereof and the amount of interest paid, and Borrower authorizes Bank to maintain such records and make such notations and agrees that the amount shown on the books and records as outstanding from time to time shall constitute the amount owing to Bank pursuant to this Note, absent manifest error.

1.3 Payment of Interest. Interest on all amounts outstanding (except for LIBOR Advances) shall be payable monthly in arrears on the first day of each month commencing the month following the date of this Note, and continuing thereafter on the same day of each succeeding month until the principal balance shall be paid in full. Interest on all LIBOR Advances shall be payable, in arrears, on the first Banking Day following the expiration of the applicable Interest Period and, in respect of any LIBOR Advance of more than three (3) months' duration, interest shall also be payable, in arrears, on each earlier Banking Day which is three (3) months after the first day of the applicable Interest Period.

1.4 Interest Periods. Each Interest Period shall commence and shall end as set forth in Section 2.1(b) hereof; *provided, however,* that (a) any Interest Period that would otherwise end on a day which is not a Banking Day shall be extended to the next Banking Day unless such extension would carry such Interest Period into the next month, in which event such Interest Period shall end on the preceding Banking Day; (b) any Interest Period that begins on the last Banking Day of a calendar month (or on a date for which there is no numerically corresponding day in the calendar month during which such Interest Period is to end), shall (subject to clause (a) above) end on the last Banking Day of such calendar month; and (c) any Interest Period that would otherwise extend beyond the Maturity Date shall end on the Maturity Date.

1.5 Conversion of Outstanding Amounts. So long as no Event of Default shall have occurred and be continuing, Borrower may (a) on any Banking Day, convert any outstanding Variable Rate Advance to a LIBOR Advance in the same aggregate principal amount and (b) on the last Banking Day of the then current Interest Period applicable to a LIBOR Advance, convert such LIBOR Advance to a Variable Rate Advance. If Borrower desires to convert an advance as set forth in the prior sentence, it shall give Bank three (3) Banking Days' prior written notice, specifying the date of such conversion, the amount to be converted and if the conversion is from a Variable Rate Advance to a LIBOR Advance, the duration of the Interest Period therefor.

1.6 End of Interest Period. Subject to all of the terms and conditions applicable to a request that a new interest rate selected be a LIBOR Advance, Borrower may elect to continue a LIBOR Advance as of the last day of the applicable Interest Period to a new LIBOR Advance. If Borrower fails to notify Bank of

the Interest Period for a subsequent LIBOR Advance at least Three (3) Banking Days prior to the last day of the then current Interest Period, then, at Bank's discretion, such outstanding LIBOR Advance shall become a Variable Rate Advance at the end of the current Interest Period for such outstanding LIBOR Advance and shall accrue interest in accordance with the provisions regarding Variable Rate Advances described herein.

1.7 Basis for Determining LIBOR Inadequate or Unfair. In the event that Bank shall determine that by reason of circumstances affecting the interbank Eurodollar market, adequate and reasonable means do not exist for determining the LIBOR Rate, or Eurodollar deposits in the relevant amount and for the relevant maturity are not available to Bank in the interbank Eurodollar market, with respect to a proposed LIBOR Advance or a proposed conversion of any Variable Rate Advance to a LIBOR Advance, Bank shall give Borrower prompt notice of such determination. If such notice is given, then: (a) any requested LIBOR Advance shall be made as a Variable Rate Advance, unless Borrower gives Bank one Banking Day's prior written notice that its request for such borrowing is canceled; (b) any advance which was to have been converted to a LIBOR Advance shall be continued as a Variable Rate Advance; and (c) any outstanding LIBOR Advance shall be converted to a Variable Rate Advance on the last Banking Day of the then current Interest Period for such LIBOR Advance. Until such notice has been withdrawn, Bank shall have no obligation to make LIBOR Advances or maintain outstanding LIBOR Advances and Borrower shall not have the right to request LIBOR Advances or convert advances to LIBOR Advances.

1.8 Illegality of LIBOR Rate. Notwithstanding any other provision of this Note, if, after the date of this Note, any applicable law, treaty, regulation or directive, or any change therein or in the interpretation or application thereof, shall make it unlawful for Bank to make or maintain any LIBOR Advance, the obligation of Bank hereunder to make or maintain such LIBOR Advance shall forthwith be suspended for the duration of such illegality and Borrower shall, if any such LIBOR Advance is outstanding, promptly upon request from Bank, prepay such LIBOR Advance or convert such LIBOR Advance to another type of advance. If any such payment is made on a day that is not the last Banking Day of the then current Interest Period applicable to such advance, Borrower shall pay Bank, upon Bank's request, any amount required under Section 1.10 of this Interest Rate Election Rider.

1.9 Termination of Pricing Option. After the occurrence of an Event of Default, Borrower's right to select pricing options, if applicable, shall cease, and, if Borrower would, but for the application of the preceding clause, have had the right to elect among interest rate options, notwithstanding anything to the contrary in this Note, interest shall accrue at a rate per annum equal to five percent (5.0%) plus the then-current Wall Street Journal Prime Rate or LIBOR Rate, as the case may be, applicable to advances outstanding at such time.

1.10 Optional Prepayment.

(a) Borrower has the right to pay before due the unpaid balance of any Variable Rate Advance or any part thereof without penalty or premium, but with accrued interest on the principal being prepaid to the date of such repayment.

(b) At its option and upon prior written notice to Bank, Borrower may prepay any LIBOR Advance in whole or in part from time to time without premium or penalty but with accrued interest on the principal being prepaid to the date of such repayment; *provided, however,* that such LIBOR Advance may only be prepaid on the last Banking Day of the then current Interest Period applicable thereto.

(c) In the event that any prepayment of a LIBOR Advance is required or permitted on a date other than the last Banking Day of the then current Interest Period applicable thereto, then so long as this Note has not become due and payable in accordance with its terms, Borrower shall have the right to prepay such LIBOR Advance in whole (but not in part), *provided,* that Borrower shall pay to Bank concurrently with such prepayment a Yield Maintenance Fee in an amount computed as follows: The current rate for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent) with a maturity date closest to the maturity date of the term chosen pursuant to the Interest Period as to which the prepayment is made, shall be subtracted from the "cost of funds" component of the LIBOR Advance in effect at the time of prepayment. If the result is zero or a negative number, there shall be no Yield Maintenance Fee payable. If the result is a positive number, then the resulting percentage

shall be multiplied by the amount of the principal balance being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the term chosen pursuant to the Interest Period as to which the prepayment is made. Said amount shall be reduced to present value calculated by using the number of days remaining in the designated term and using the above-referenced United States Treasury security rate and the number of days remaining in the designated term chosen pursuant to the Interest Period as to which the prepayment is made. The resulting amount shall be the Yield Maintenance Fee due to Bank upon prepayment of the LIBOR Advance. If this Note shall become due and payable for any reason, then any Yield Maintenance Fee with respect to the Note shall become due and payable in the same manner as though Borrower had exercised its right of prepayment. Borrower recognizes that Bank will incur substantial additional costs and expenses including loss of yield and anticipated profitability in the event of prepayment of all or part of this Note and that the Yield Maintenance Fee compensates Bank for such costs and expenses. Borrower acknowledges that the Yield Maintenance Fee is bargained-for consideration and not a penalty.

(d) All prepayments of any LIBOR Advance shall be applied first to fees and expenses then due hereunder, then to interest on the unpaid principal balance accrued to the date of prepayment and last to the principal balance then due hereunder.

2. DEFINITIONS

2.1 Definitions. The following definitions are applicable to this Interest Rate Election Rider:

(a) "Banking Day" shall mean with respect to LIBOR Advances, a London Banking Day and with respect to all other advances, any day other than a day on which commercial banks in California are required or permitted by law to close.

(b) "Interest Period" shall mean, with respect to any LIBOR Advance, the one, two or three month period selected by Borrower pursuant to Section 1.1. The actual length of such periods shall be calculated as set forth below. The initial Interest Period, unless commenced on the first Banking Day of a month, shall, notwithstanding the length of the Interest Period selected by Borrower, (i) for Interest Periods beginning before the 25th of each calendar month, end on the first Banking Day of the month following commencement of the initial Interest Period; and (ii) for Interest Periods beginning on or after the 25th of each calendar month, end on the first Banking Day of the second month following commencement of the initial Interest Period. All subsequent Interest Periods for any particular LIBOR Advance shall commence on the first Banking Day of the relevant month and end of the first Banking Day of the month determined by the length of the Interest Period selected by Borrower pursuant to this provision. Bank's calculation of the length of Interest Periods shall be in its sole and absolute discretion and shall conclusively bind Borrower absent manifest error.

(c) "LIBOR Advance" shall have the meaning set forth in Section 1.1 above.

(d) "LIBOR Rate" shall mean the rate per annum for the relevant Interest Period determined as of the start of each Interest Period as quoted by Bank as Bank's LIBOR Rate based on quotes for the London Interbank Offered Rate from the ICE Benchmark Administration, as quoted for U.S. Dollars by Bloomberg or other comparable service selected by Bank. This definition of LIBOR Rate is to be strictly interpreted and is not intended to serve any purpose other than providing an index to determine the interest rate used herein. The LIBOR Rate may not necessarily be the same as the quoted offered side in the Eurodollar time deposit market by any particular institution or service applicable to any Interest Period. The effective interest rate applicable to Borrower's loans evidenced hereby shall change as of the beginning of each Interest Period if there is a change in the LIBOR Rate as of any such date.

(e) "London Banking Day" shall mean with respect to LIBOR Advances, any day on which commercial banks are open for international business (including dealings in U.S. Dollar ($) deposits) in London, England and California.

(f) "Variable Rate Advance" shall have the meaning set forth in Section 1.1 above.

(g) "Wall Street Journal Prime Rate" shall mean the highest rate published from time to time by the *Wall Street Journal* as the Prime Rate, or, in the event the *Wall Street Journal* ceases publication of the Prime Rate, the base, reference or other rate then designated by Bank, in its sole discretion, for general commercial loan reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, established from time to time, which serves as the basis upon which effective interest rates are calculated for loans making reference thereto.

2.2 Other Terms. Capitalized terms used but not otherwise defined in this Note (including without limitation this Interest Rate Election Rider) shall have the respective meanings ascribed to them in the Loan Agreement.

Exhibit 99.1

Iteris Announces that Abbas Mohaddes
Resigns as President and Chief Executive Officer

SANTA ANA, Calif. — February 25, 2015 — Iteris, Inc. (NYSE MKT: ITI), a leader in providing intelligent traffic management and weather information solutions, announced that Abbas Mohaddes has resigned as President and Chief Executive Officer to pursue other opportunities. Mr. Mohaddes also resigned from the Company's Board of Directors.

Kevin Daly, currently a non-executive Director of Iteris, will serve as Chief Executive Officer on an interim basis until the Company finds a permanent replacement for Mr. Mohaddes. Mr. Mohaddes has agreed to provide transitional support services for a limited period as requested by the Company.

Greg Miner, Chairman of Iteris, commented: "We wish to thank Abbas for his many years of dedicated service and commitment to Iteris and wish him the best in his new endeavors. The Iteris board established a search committee to commence a search for a new Chief Executive Officer. In fulfilling its role, the search committee has retained Heidrick and Struggles, a leading professional services firm that provides executive search services, to help develop selection criteria, review candidates, conduct due diligence on qualified candidates and report status to the board. We are fortunate to have Kevin Daly to serve as interim CEO during the search period. Kevin is a seasoned chief executive with deep knowledge of Iteris, its technology, and its management. The Company is in good hands during this transition."

About Iteris, Inc.

Iteris, Inc. (NYSE MKT: ITI) is a leader in providing intelligent information solutions to the traffic management market. The company is focused on the development and application of advanced technologies and software-based information systems that reduce traffic congestion, provide measurement, management, and predictive traffic and weather analytics, and improve the safety of surface transportation systems. By combining its unique IP, products, decades of expertise in traffic management, hyper-local weather solutions and information technologies, Iteris offers a broad range of Intelligent Transportation System (ITS) solutions to customers worldwide. The firm is headquartered in Santa Ana, California, with offices nationwide and in the Middle East. For more information, please call 1-888-329-4483 or visit www.iteris.com.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This release may contain forward-looking statements, which speak only as of the date hereof and are based upon our current expectations and the information available to us at this time. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “seeks,” “estimates,” “may,” “will,” “can,” and variations of these words or similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, statements about the impact of the management transition. Such statements are subject to certain risks, uncertainties, and assumptions that are difficult to predict and actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.

Important factors that may cause such a difference include, but are not limited to, our ability to locate, engage and retain a new Chief Executive Officer on a timely basis and on acceptable terms, and to manage the transition effectively without any material disruption to our business and relationships. Further information on Iteris, Inc., including additional risk factors that may affect our forward-looking statements, is contained in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and our other SEC filings that are available through the SEC’s website (www.sec.gov).

Contact:

Liolios Group, Inc.
Scott Liolios or Cody Slach
Investor Relations
Tel 1-949-574-3860
ITI@liolios.com