
**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): **October 17, 2008**

ITERIS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-08762
(Commission File Number)

95-2588496
(IRS Employer Identification No.)

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

92705
(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
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Item 1.01 Entry into a Material Definitive Agreement.

On October 17, 2008, Iteris, Inc. (the "Company") entered into Debenture Redemption Agreements with certain custodial accounts of Bryant R. Riley's affiliates (collectively, the "Riley Holders"), pursuant to which the Company redeemed four convertible debentures in the aggregate principal amount of \$320,000 held by the Riley Holders. Although Mr. Riley controls the voting and investment decisions in his role as custodian for the accounts, Mr. Riley disclaims beneficial ownership of the securities held in such accounts. Mr. Riley, through his affiliations with various entities and accounts, may be deemed to be the beneficial owner of more than 5% of the Company's outstanding common stock.

The debentures held by the Riley Holders were redeemed for an aggregate payment of \$304,000 plus all accrued but unpaid interest. The debentures were originally issued by the Company to the Riley Holders in May 2004, along with warrants to purchase an aggregate of 10,352 shares of the Company's common stock at an exercise price of \$3.86 per share and warrants to purchase an aggregate of 9,920 shares of the Company's common stock at an exercise price of \$4.03 per share, pursuant to a Debenture and Warrant Purchase Agreement dated May 2004 by and among the Company and certain investors, including the Riley Holders. The warrants issued to the Riley Holders were not redeemed or canceled in connection with the redemption of the debentures and will remain outstanding until their expiration in May 2009. The debentures were due and payable in full in May 2009, provided for 6.0% annual interest, payable quarterly, and were convertible into the Company's common stock at an initial conversion price of \$3.61 per share, subject to certain adjustments, including adjustments for dilutive issuances.

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: October 23, 2008

ITERIS, INC.,
a Delaware corporation

By: /S/ JAMES S. MIELE
James S. Miele
Chief Financial Officer