

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

<b>1. Name and Address of Reporting Person*</b> <u>MCKHANN GREG</u>  (Last) (First) (Middle) <u>1515 S. MANCHESTER AVE</u>  (Street) <u>ANAHEIM CA 92802</u>  (City) (State) (Zip)	<b>2. Issuer Name and Ticker or Trading Symbol</b> <u>ITERIS, INC. [ ITI ]</u>	<b>5. Relationship of Reporting Person(s) to Issuer</b> (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Vice President</u>
	<b>3. Date of Earliest Transaction (Month/Day/Year)</b> <u>01/24/2007</u>	
<b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>		

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/24/2007		X		6,250	A	\$0.54	48,300	D	
Common Stock	01/24/2007		S		200 <sup>(1)</sup>	D	\$2.66	48,100	D	
Common Stock	01/24/2007		S		4,500 <sup>(1)</sup>	D	\$2.65	43,600	D	
Common Stock	01/24/2007		S		200	D	\$2.51	43,400	D	
Common Stock	01/24/2007		S		600 <sup>(1)</sup>	D	\$2.56	42,800	D	
Common Stock	01/24/2007		S		650 <sup>(1)</sup>	D	\$2.55	42,150	D	
Common Stock	01/24/2007		S		100 <sup>(1)</sup>	D	\$2.52	42,050	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Employee stock option (right to buy)	\$0.54	01/24/2007		X		6,250 <sup>(2)</sup>	(2)	09/30/2007	Common Stock	6,250	\$0.54	25,000	D	

**Explanation of Responses:**

1. The sale was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person dated November 29, 2006  
 2. The option shall become exercisable for the option shares in a series of four successive equal annual installment measured from the vesting commencement date.

/s/ Greg McKhann 01/26/2007

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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