
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ITERIS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

95-2588496

(I.R.S. Employer Identification Number)

**1515 South Manchester Avenue
Anaheim, California 92802
(714) 774-5000**

(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)

**JACK JOHNSON
President and Chief Executive Officer
Iteris, Inc.**

**1515 South Manchester Avenue
Anaheim, California 92802
(714) 774-5000**

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copy to:

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J.R. Kang, Esq.
Dorsey & Whitney LLP
38 Technology Drive
Irvine, California 92618
(949) 932-3600**

**Approximate date of commencement of proposed sale to the public:
from time to time after the effective date of this registration statement.**

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, \$0.10 par value per share (including associated preferred stock purchase rights)	16,385,565 shares	\$3.00	\$49,156,695	\$5,786

(1) Estimate based upon the average of the high and low prices of the Registrant's common stock on July 19, 2005 as reported by the American Stock Exchange, pursuant to Rule 457(c) promulgated under the Securities Act of 1933, as amended.

- (2) Pursuant to Rule 416, this registration statement also covers any additional shares of common stock which become issuable by reason of any stock dividend, stock split, recapitalization or other similar transaction.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

16,385,565 Shares

ITERIS, INC.

Common Stock

This prospectus relates to the disposition from time to time of a total of 16,385,565 shares of the common stock of Iteris, Inc. or interests therein by the selling stockholders listed on page 14 and their transferees. The prices at which the selling stockholders may sell or otherwise dispose of their shares or interests therein will be determined by the selling stockholders. We will not receive any of the proceeds from the sale of these shares.

Our common stock is listed on the American Stock Exchange under the symbol "ITI". On July 19, 2005, the last reported sale price for our common stock was \$3.01 per share.

You should carefully consider the risk factors beginning on page 3 of this prospectus before purchasing any of the common stock offered by this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2005.

THE COMPANY

Iteris, Inc., formerly known as Iteris Holdings, Inc., is a leading provider of outdoor machine vision systems and sensors that optimize the flow of traffic and enhance driver safety. Using proprietary software and Intelligent Transportation Systems ("ITS") industry expertise, we provide video sensor systems, transportation management and traveler information systems and other engineering consulting services to the ITS industry. The ITS industry is comprised of companies applying a variety of technologies to enable the safe and efficient movement of people and goods. We use our outdoor image recognition software expertise to develop proprietary algorithms for video sensor systems that improve vehicle safety and the flow of traffic. Using our knowledge of the ITS industry, we design and implement transportation management systems that help public agencies reduce traffic congestion and provide greater access to traveler information.

Our proprietary image recognition systems include AutoVue and Vantage. AutoVue is a small windshield mounted sensor that uses proprietary software to detect and warn drivers of unintended lane departures. We have sold approximately 13,000 production AutoVue Lane Departure Warning ("LDW") systems for use on truck platforms in the European and North American markets, and our AutoVue LDW system is currently offered as an option on certain Mercedes, MAN, Freightliner and International trucks. We believe that our AutoVue LDW technology is a broad sensor platform that, through additional software development, may be expanded to incorporate additional safety and convenience features. Vantage is a video-based vehicle sensing system that detects vehicles on roadways, enabling more efficient traffic management. Applications include traffic signal operations, incident detection and data collection.

Our transportation management systems include the design, development and implementation of our software-based systems that integrate sensors, video surveillance, computers and advanced communications equipment to enable public agencies to monitor, control and direct traffic flow, assist in the quick dispatch of emergency crews and distribute real-time information about traffic conditions. We also offer related services that include planning and other engineering for the implementation of transportation related communications systems, analysis and studies related to goods movement and commercial vehicle operations, and parking systems designs.

We currently operate in three reportable segments: Roadway Sensors, Automotive Sensors and Systems. The Roadway Sensors segment includes our Vantage vehicle detection systems. The Automotive Sensors segment includes our AutoVue LDW systems for vehicle safety. The Systems segment includes transportation engineering and consulting services, and the development of transportation management and traveler information systems for the ITS industry.

We were incorporated in Delaware in October 1987 as Odetics, Inc. In September 2003, we changed our name to Iteris Holdings, Inc. in order to communicate our focus on our ITS business. On October 22, 2004, we completed a merger with our majority-owned subsidiary, Iteris, Inc. (the "Iteris Subsidiary"), and officially changed our corporate name from Iteris Holdings, Inc. to Iteris, Inc. Our common stock is listed on the American Stock Exchange under the symbol "ITI". Our principal executive offices are located at 1515 South Manchester Avenue, Anaheim, California 92802, and our telephone number is (714) 774-5000. Our website is www.iteris.com. Information available on our website does not constitute part of this prospectus.

AutoVue™, Iteris™ and Vantage™ are among the trademarks of Iteris, Inc. Any other trademarks or trade names mentioned herein are the property of their respective owners.

RISK FACTORS

Our business is subject to a number of risks, some of which are discussed below. Other risks are presented elsewhere in this prospectus and in the information incorporated by reference into the prospectus. You should consider the following risks carefully in addition to the other information contained in this prospectus (including the information incorporated by reference) before purchasing shares of our common stock. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations. If any of these risks actually occurs, our business, financial condition or results of operations could be seriously harmed. In that event, the market price for our common stock could decline and you may lose all or part of your investment.

We Have Experienced Substantial Losses And May Continue To Experience Losses For The Foreseeable Future. We experienced net losses from continuing operations of \$11.3 million, \$1.9 million and \$5.3 million in the years ended March 31, 2005, 2004, and 2003, respectively. While we have divested all of our other business units and merged with our Iteris Subsidiary, we cannot assure you that our efforts to downsize our operations or reduce our operating expenses will improve our financial performance, or that we will be able to achieve profitability on a quarterly or annual basis in the future. Most of our expenses are fixed in advance. As such, we generally are unable to reduce our expenses significantly in the short-term to compensate for any unexpected delay or decrease in anticipated revenues. As a result, we may continue to experience operating losses and net losses, which would make it difficult to fund our operations and achieve our business plan, and could cause the market price of our common stock to decline.

We May Need To Raise Additional Capital In The Future, But We May Not Be Able To Secure Adequate Funds On Terms Acceptable To Us, Or At All. We have generated significant net losses and operating losses in recent periods, and have experienced volatility in our cash flows from operations ranging from positive cash flows from operations of \$858,000 in the year ended March 31, 2005, to negative cash flows from operations of \$718,000 and \$4.8 million in the years ended March 31, 2004, and 2003, respectively. While we completed a \$10.1 million convertible debenture financing and our Iteris Subsidiary closed a \$5.0 million term loan in May 2004, the majority of the proceeds from such financings were used to purchase the Series A preferred stock of our Iteris Subsidiary held by outside investors.

At March 31, 2005, we failed to meet some of our debt covenants under our current credit agreement with our bank. At that time, we had \$4.0 million in term debt and \$945,000 in revolving credit outstanding in connection with this credit agreement. Although we are currently in negotiations to restructure this credit facility, we cannot assure you that we will be able to complete this restructuring under acceptable terms, or at all.

We may raise additional capital in the near future to fund our operations or to repay indebtedness. Such additional capital may be raised through bank borrowings, or other debt or equity financings. We cannot assure you that any additional capital will be available on a timely basis, on acceptable terms, or at all.

Our capital requirements will depend on many factors, including, but not limited to:

- our ability to successfully renegotiate a new credit arrangement with our bank;
- our ability to control costs;
- market acceptance of our products and the overall level of sales of our products;
- our ability to generate operating income;
- increased research and development funding;

- increased sales and marketing expenses;
- technological advancements and our competitors' response to our products;
- capital improvements to new and existing facilities;
- potential acquisitions of businesses and product lines;
- our relationships with customers and suppliers; and
- general economic conditions, including the effects of the current economic slowdown and international conflicts.

If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced and such securities may have rights, preferences and privileges senior to our common stock. Additional financing may not be available on favorable terms or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products, expand our sales and marketing programs, take advantage of future opportunities or respond to competitive pressures.

If Our Internal Controls Over Financial Reporting Do Not Comply With The Requirements Of The Sarbanes-Oxley Act, Our Business And Stock Price Could Be Adversely Affected. We and our independent registered public accounting firm are evaluating the effectiveness of our internal controls over financial reporting to comply with Section 404 of the Sarbanes-Oxley Act of 2002. Section 404 requires us to evaluate the effectiveness of our internal controls over financial reporting as the end of each fiscal year beginning in the fiscal year ending March 31, 2006, and to include a management report assessing the effectiveness of our internal controls over financial reporting in all annual reports beginning with our Annual Report on Form 10-K for the fiscal year ending March 31, 2006. Section 404 also requires our independent accountant to attest to, and report on, management's assessment of our internal controls over financial reporting.

Our management, including our CEO and CFO, does not expect that our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been, or will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As of March 31, 2005, we became aware of a material weakness in our internal controls related to the accounting for the consolidation of our deferred compensation savings plan. We cannot assure you that we or our independent registered public accounting firm will not identify another material weakness in our internal controls. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the

annual or interim financial statements will not be prevented or detected. Based on our evaluation under the framework in Internal Control—Integrated Framework, our management has concluded that, as of March 31, 2004, our internal control over financial reporting was not effective due to the existence of a material weakness. If our internal controls over financial reporting are not considered adequate, we may experience a loss of public confidence, which could have an adverse effect on our business and our stock price.

We Rely On A Single Manufacturer For Our AutoVue LDW Systems And May Experience Supply Issues For This Product Which Could Materially And Adversely Impact Our Sales And Ultimate Market Acceptance Of AutoVue. We outsource the manufacture of our AutoVue product line to a single manufacturer. We are currently negotiating with a second supplier for the AutoVue product line. This manufacturer may not be able to produce sufficient quantities of this product in a timely manner or at a reasonable cost, which could materially and adversely affect our ability to launch or gain market acceptance of AutoVue. We are currently experiencing shortages on certain components used in the manufacture of AutoVue LDW units sold to the heavy truck market and must design and qualify a next generation system before our existing supplies are exhausted. AutoVue production availability may also be impacted by long lead times on replacement components or an inability to design these new components into production units. Based on current sales and unit forecasts, we believe we currently have a four month supply of these components on hand. We are searching world-wide supply sources to acquire additional components, but we cannot assure you that we will be able to obtain sufficient quantities of these components or that such components will be available on a timely basis. Should we not be able to procure these components before our current inventory is depleted or we engineer and qualify a next generation system, we could experience a shortfall in revenues for a brief period of time until such components can be located or the qualification of a new component is complete.

We Depend On Government Contracts And Subcontracts, And Because Many Of Our Government Contracts Are Fixed Price Contracts, Higher Than Anticipated Costs Will Reduce Our Profit And Could Adversely Impact Our Operating Results. A significant portion of our sales were derived from contracts with governmental agencies, either as a general contractor, subcontractor or supplier. Government contracts represented approximately 37.4%, 48.2% and 53.8% of our total net sales and contract revenues for the years ended March 31, 2005, 2004 and 2003, respectively. We anticipate that revenue from government contracts will continue to increase in the near future. Government business is, in general, subject to special risks and challenges, including:

- long purchase cycles or approval processes;
- competitive bidding and qualification requirements;
- the impact of international conflicts;
- performance bond requirements;
- changes in government policies and political agendas;
- delays in funding, budgetary constraints and cut-backs; and
- milestone requirements and liquidated damage provisions for failure to meet contract milestones

In addition, a large number of our government contracts are fixed price contracts. As a result, we may not be able to recover any cost overruns we may incur. These fixed price contracts require us to estimate the total project cost based on preliminary projections of the project's requirements. The financial viability of any given project depends in large part on our ability to estimate these costs accurately and complete the project on a timely basis. In the event our costs on these projects exceed the fixed contractual amount, we will be required to bear the excess costs. Such additional costs would adversely affect our financial condition and results of operations. Moreover, certain of our government contracts are subject to termination or renegotiation at the convenience of the government, which could

result in a large decline in our net sales in any given quarter. Our inability to address any of the foregoing concerns or the loss or renegotiation of any material government contract could seriously harm our business, financial condition and results of operations.

If We Are Unable To Develop And Introduce New Products And Product Enhancements Successfully And In A Cost-Effective And Timely Manner, Or Are Unable To Achieve Market Acceptance Of Our New Products, Our Operating Results Would Be Adversely Affected. We believe our revenue growth and future operating results will depend on our ability to complete development of new products and enhancements, introduce these products in a timely, cost-effective manner, achieve broad market acceptance of these products and enhancements, and reduce our product costs. We may not be able to introduce any new products or any enhancements to our existing products on a timely basis, or at all. In addition, the introduction of any new products could adversely affect the sales of certain of our existing products. Our future success will also depend in part on the success of several products including our AutoVue LDW system.

We believe that we must continue to make substantial investments to support ongoing research and development in order to remain competitive. We need to continue to develop and introduce new products that incorporate the latest technological advancements in outdoor image processing hardware, software and camera technologies in response to evolving customer requirements. Our business and results of operations could be adversely affected if we do not anticipate or respond adequately to technological developments or changing customer requirements. We cannot assure you that any such investments in research and development will lead to any corresponding increase in revenue.

Market acceptance of our new products depends upon many factors, including our ability to accurately predict market requirements and evolving industry standards, our ability to resolve technical challenges in a timely and cost-effective manner and achieve manufacturing efficiencies, the perceived advantages of our new products over traditional products and the marketing capabilities of our independent distributors and strategic partners. In particular, we have granted Valeo the exclusive right to sell and manufacture our AutoVue lane departure warning system to the worldwide passenger market in exchange for royalty payments for each AutoVue unit sold. As such, the future success and broad market acceptance of our AutoVue technologies will depend upon Valeo's ability to manufacture, market and sell our technologies, and to convince more OEM passenger car manufacturers to adopt our technologies. The success of our AutoVue system will also depend in part on the success of the automotive vehicles that incorporate our technology, as well as the success of optional equipment that OEMs bundle with our technologies.

Our business and results of operations could also be seriously harmed by any significant delays in our new product development. Certain of our new products could contain undetected design faults and software errors or "bugs" when first released by us, despite our testing. We may not discover these faults or errors until after a product has been installed and used by our customers. Any faults or errors in our existing products or in any new products may cause delays in product introduction and shipments, require design modifications or harm customer relationships, any of which could adversely affect our business and competitive position.

An Economic Slowdown And Related Uncertainties Could Adversely Impact The Demand For Our Products. Concerns about inflation, decreased consumer confidence, reduced corporate profits and capital spending, and recent international conflicts and terrorist and military actions have resulted in a downturn in worldwide economic conditions, particularly in the United States. These unfavorable economic conditions may have a negative impact on customer orders, cancellations and rescheduling of backlog. In addition, recent political and social turmoil related to international conflicts and terrorist acts can be expected to put further pressure on economic conditions in the U.S. and worldwide. These political, social and economic conditions make it extremely difficult for our customers, our suppliers and us to accurately forecast and plan future business activities. If such conditions continue or worsen,

our business, financial condition and results of operations will likely be materially and adversely affected.

Our Quarterly Operating Results Fluctuate As A Result Of Many Factors. Therefore, We May Fail To Meet Or Exceed The Expectations Of Securities Analysts And Investors, Which Could Cause Our Stock Price To Decline. Our quarterly revenues and operating results have fluctuated and are likely to continue to vary from quarter to quarter due to a number of factors, many of which are not within our control. Factors that could affect our revenues include, among others, the following:

- our ability to raise additional capital;
- our ability to control costs;
- international conflicts and acts of terrorism;
- our ability to develop, introduce, patent, market and gain market acceptance of new products, applications and product enhancements in a timely manner, or at all;
- the size, timing, rescheduling or cancellation of significant customer orders;
- the introduction of new products by competitors;
- the availability of components used in the manufacture of our products;
- changes in our pricing policies and the pricing policies of our suppliers and competitors, pricing concessions on volume sales, as well as increased price competition in general;
- the long lead times associated with government contracts or required by vehicle manufacturers;
- continued delays in the passage of the six year transportation bill by the U.S. government;
- our success in expanding and implementing our sales and marketing programs;
- the effects of technological changes in our target markets;
- our relatively small level of backlog at any given time;
- seasonality due to winter weather conditions;
- the mix of our sales;
- deferrals of customer orders in anticipation of new products, applications or product enhancements;
- risks and uncertainties associated with our international business;
- currency fluctuations and our ability to get currency out of certain foreign countries; and
- general economic and political conditions.

Due to all of the factors listed above as well as other unforeseen factors, our future operating results could be below the expectations of securities analysts or investors. If that happens, the trading price of our common stock could decline. As a result of these quarterly variations, you should not rely on quarter-to-quarter comparisons of our operating results as an indication of our future performance.

If We Do Not Keep Pace With Rapid Technological Changes And Evolving Industry Standards, We Will Not Be Able To Remain Competitive And There Will Be No Demand For Our Products. Our markets are in general characterized by the following factors:

- rapid technological advances;
- downward price pressure in the marketplace as technologies mature;

- changes in customer requirements;
- frequent new product introductions and enhancements; and
- evolving industry standards and changes in the regulatory environment.

Our future success will depend upon our ability to anticipate and adapt to changes in technology and industry standards, and to effectively develop, introduce, market and gain broad acceptance of new products and product enhancements incorporating the latest technological advancements.

We Have Adopted A New Operating Strategy, Which Is Untried And Exposes Us To New Risks. We recently divested ourselves of all of our other business units and merged with our Iteris Subsidiary and significantly scaled back our operations in order to focus on the ITS business. We have abandoned our strategy of incubating emerging companies, which historically required us to make significant investments in new business units. Our current business strategy is narrow and untried, and we cannot assure you that our new business strategy or the continued execution of this business will be successful.

The Markets In Which We Operate Are Highly Competitive And Have Many More Established Competitors, Which Could Adversely Affect Our Sales Or The Market Acceptance Of Our Products. We compete with numerous other companies in our target markets including, but not limited to, large, multinational corporations and many smaller regional engineering firms. We expect such competition to increase due to technological advancements, industry consolidations and reduced barriers to entry. Increased competition is likely to result in price reductions, reduced gross margins and loss of market share, any of which could seriously harm our business, financial condition and results of operations. Many of our competitors have far greater name recognition and greater financial, technological, marketing and customer service resources than we do. This may allow them to respond more quickly to new or emerging technologies and changes in customer requirements. It may also allow them to devote greater resources to the development, promotion, sale and support of their products than we can. Recent consolidations of end users, distributors and manufacturers in our target markets have exacerbated this problem. As a result of the foregoing factors, we may not be able to compete effectively in our target markets and competitive pressures could adversely affect our business, financial condition and results of operations.

We May Be Unable To Attract And Retain Key Personnel, Which Could Seriously Harm Our Business. Due to the specialized nature of our business, we are highly dependent on the continued service of our executive officers and other key management, engineering and technical personnel, particularly Jack Johnson. In connection with the roll-up merger of the Iteris Subsidiary, Mr. Johnson became our Chief Executive Officer and Mr. James Miele, the former Controller of our Iteris Subsidiary, was promoted to serve as our Chief Financial Officer. The loss of either of these individuals or of any of our executive officers or key members of management could adversely affect our business, financial condition or results of operations. Our success will also depend in large part upon our ability to continue to attract, retain and motivate qualified engineering and other highly skilled technical personnel. Competition for employees, particularly development engineers, is intense. We may not be able to continue to attract and retain sufficient numbers of such highly skilled employees. Our inability to attract and retain additional key employees or the loss of one or more of our current key employees could adversely affect our business, financial condition and results of operations.

We May Not Be Able To Adequately Protect Or Enforce Our Intellectual Property Rights, Which Could Harm Our Competitive Position. If we are not able to adequately protect or enforce the proprietary aspects of our technology, competitors could be able to access our proprietary technology and our business, financial condition and results of operations will likely be seriously harmed. We currently attempt to protect our technology through a combination of patent, copyright, trademark and trade secret laws, employee and third party nondisclosure agreements and similar means. Despite our efforts, other parties may attempt to disclose, obtain or use our technologies or systems. Our

competitors may also be able to independently develop products that are substantially equivalent or superior to our products or design around our patents. In addition, the laws of some foreign countries do not protect our proprietary rights as fully as do the laws of the United States. As a result, we may not be able to protect our proprietary rights adequately in the United States or abroad.

From time to time, we have received notices that claim we have infringed upon the intellectual property of others. Even if these claims are not valid, they could subject us to significant costs. We have engaged in litigation in the past, and litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation may also be necessary to defend against claims of infringement or invalidity by others. An adverse outcome in litigation or any similar proceedings could subject us to significant liabilities to third parties, require us to license disputed rights from others or require us to cease marketing or using certain products or technologies. We may not be able to obtain any licenses on terms acceptable to us, or at all. We also may have to indemnify certain customers or strategic partners if it is determined that we have infringed upon or misappropriated another party's intellectual property. Any of these results could adversely affect our business, financial condition and results of operations. In addition, the cost of addressing any intellectual property litigation claim, both in legal fees and expenses, and the diversion of management's attention and resources, regardless of whether the claim is valid, could be significant and could seriously harm our business, financial condition and results of operations.

The Trading Price Of Our Common Stock Is Highly Volatile. The trading price of our common stock has been subject to wide fluctuations in the past. Since January 2000, our Class A common stock (now known as our common stock) has traded at prices as low as \$0.45 per share and as high as \$29.44 per share. The market price of our common stock could continue to fluctuate in the future in response to various factors, including, but not limited to:

- quarterly variations in operating results;
- our ability to control costs and improve cash flow;
- our ability to raise additional capital;
- shortages announced by suppliers;
- announcements of technological innovations or new products or applications by our competitors, customers or us;
- acquisitions of businesses, products or technologies;
- the impact of any litigation;
- changes in investor perceptions;
- changes in earnings estimates or investment recommendations by securities analysts; and
- international conflicts, political unrest and acts of terrorism.

The stock market in general has recently experienced volatility, which has particularly affected the market prices of equity securities of many technology companies. This volatility has often been unrelated to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our common stock. In the past, companies that have experienced volatility in the market price of their securities have been the subject of securities class action litigation. If we were to become the subject of a class action lawsuit, it could result in substantial losses and divert management's attention and resources from other matters.

We May Engage In Acquisitions Of Companies or Technologies That May Require Us To Undertake Significant Capital Infusions And Could Result In Disruptions Of Our Business And Diversion Of Resources And Management Attention. We have historically, and may in the future,

acquire complementary businesses, products and technologies. Acquisitions may require significant capital infusions and, in general, acquisitions also involve a number of special risks, including:

- potential disruption of our ongoing business and the diversion of our resources and management's attention;
- the failure to retain or integrate key acquired personnel;
- the challenge of assimilating diverse business cultures, and the difficulties in integrating the operations, technologies and information system of the acquired companies;
- increased costs to improve managerial, operational, financial and administrative systems and to eliminate duplicative services;
- the incurrence of unforeseen obligations or liabilities;
- potential impairment of relationships with employees or customers as a result of changes in management; and
- increased interest expense and amortization of acquired intangible assets.

Our competitors are also soliciting potential acquisition candidates, which could both increase the price of any acquisition targets and decrease the number of attractive companies available for acquisition. Acquisitions may also materially and adversely affect our operating results due to large write-offs, contingent liabilities, substantial depreciation, deferred compensation charges or intangible asset amortization, or other adverse tax or accounting consequences. We cannot assure you that we will be able to identify or consummate any additional acquisitions, successfully integrate any acquisitions or realize the benefits anticipated from any acquisition.

Our International Business Operations May Be Threatened By Many Factors That Are Outside Of Our Control. We currently market our AutoVue and Vantage products internationally and we anticipate that our international operations will expand in the near future. International business operations are subject to various inherent risks, including, among others:

- currency fluctuations and restrictions;
- political, social and economic instability;
- reduced protection for intellectual property rights in some countries;
- unexpected changes in regulatory requirements, tariffs and other trade barriers or restrictions;
- the burdens of compliance with a wide variety of foreign laws and more restrictive labor laws and obligations;
- longer accounts receivable payment cycles;
- difficulties in managing and staffing international operations;
- potentially adverse tax consequences; and
- import and export license requirements and restrictions of the United States and each other country in which we operate.

All of our international sales from this point on are denominated in U.S. dollars. As a result, an increase in the relative value of the dollar could make our products more expensive and potentially less price competitive in international markets. We do not engage in any transactions as a hedge against risks of loss due to foreign currency fluctuations.

Any of the factors mentioned above may adversely affect our future international sales and, consequently, affect our business, financial condition and operating results. Furthermore, as we increase

our international sales, our total revenues may also be affected to a greater extent by seasonal fluctuations resulting from lower sales that typically occur during the summer months in Europe and other parts of the world.

Some Of Our Directors, Officers And Their Affiliates Can Control The Outcome Of Matters That Require The Approval Of Our Stockholders, And Accordingly We Will Not Be Able To Engage In Certain Transactions Without Their Approval. As of March 31, 2005, our officers and directors owned approximately 16% of the outstanding shares of our common stock (and approximately 25% of our common stock when including options, warrants and other convertible securities held by them which are currently exercisable or convertible or will become exercisable or convertible within 60 days after March 31, 2005). As a result of their stock ownership, our management will be able to significantly influence the election of our directors and the outcome of corporate actions requiring stockholder approval, such as mergers and acquisitions, regardless of how our other stockholders may vote. This concentration of voting control may have a significant effect in delaying, deferring or preventing a change in our management or change in control and may adversely affect the voting or other rights of other holders of common stock.

Certain Anti-Takeover Provisions May Affect The Price Of Our Common Stock And Discourage A Third Party From Acquiring Us. Certain provisions of our certificate of incorporation and our stockholder rights plan could make it difficult for a third party to acquire us, even though an acquisition might be beneficial to our stockholders. Such provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. Under the terms of our certificate of incorporation, our Board of Directors is authorized to issue, without stockholder approval, up to 2,000,000 shares of preferred stock with voting, conversion and other rights and preferences superior to those of our common stock. Our future issuance of preferred stock could be used to discourage an unsolicited acquisition proposal. In addition, in March 1998, we adopted a stockholder rights plan and declared a dividend of preferred stock purchase rights to our stockholders. We amended this plan in May 2004. In the event a third party acquires more than 15% of the outstanding voting control of our company or 15% of our outstanding common stock, the holders of these rights will be able to purchase the junior participating preferred stock at a substantial discount off of the then current market price. The exercise of these rights and purchase of a significant amount of stock at below market prices could cause substantial dilution to a particular acquirer and discourage the acquirer from pursuing our company. The mere existence of a stockholder rights plan often delays or makes a merger, tender offer or proxy contest more difficult.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>.

This prospectus is part of a registration statement on Form S-3 that we filed with the SEC. Pursuant to the SEC rules, this prospectus, which forms a part of the registration statement, does not contain all of the information in such registration statement. You may read or obtain a copy of the registration statement from the SEC in the manner described above.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. The documents we incorporate by reference are:

1. Our Annual Report on Form 10-K for the fiscal year ended March 31, 2005 filed with the SEC on July 14, 2005;
2. Our Current Report on Form 8-K filed with the SEC on July 14, 2005;
3. Our Current Report on Form 8-K furnished to the SEC on June 2, 2005; and
4. The description of our common stock (including the description of our preferred stock purchase rights) contained in our registration statement on Form 8-A filed with the SEC on December 8, 2004, including any amendment or report filed for the purpose of updating such description.

In addition, we incorporate by reference all reports and other documents that we file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this prospectus and prior to the termination of this offering and all such reports and documents will be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such reports and documents. Any statement incorporated herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We will provide without charge to each person to whom this prospectus is delivered, upon written or oral request of such person, a copy of any or all of the foregoing documents incorporated herein by reference. Requests for documents should be submitted in writing to the Secretary, at Iteris, Inc., 1515 South Manchester Avenue, Anaheim, California 92802, or by telephone at (714) 774-5000.

FORWARD-LOOKING STATEMENTS

All statements included or incorporated by reference in this prospectus, other than statements or characterizations of historical fact, are forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements concerning projected expenses, growth in revenue from government contracts, our ability to control costs, our accounting estimates, assumptions and judgments, the investment in research and development for our subsidiaries and business units, the market acceptance and performance of our products, the competitive nature of our markets, our ability to achieve product integration, the status of, and our ability to keep pace with, evolving technologies, the development and market acceptance of new product introductions, the adoption of future industry standards, our production capacity, our ability to consummate acquisitions and integrate their operations successfully, the need for additional capital, our ability to raise capital, and our ability to achieve profitability, monetize and spin-off any of our business units. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs, and certain assumptions made by us. Forward-looking statements can often be identified by words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "potential," "continue," similar expressions and variations or negatives of these words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements speak only as of the date of this prospectus and are based upon the information available to us at this time. Such information is subject to change, and we will not necessarily inform you of such changes. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors, some of which are listed under the section "Risk Factors" beginning on page 3 of this prospectus. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

USE OF PROCEEDS

The shares of common stock covered by this prospectus will be sold or otherwise disposed of by the selling stockholders, and the selling stockholders will receive all of the proceeds from dispositions of such shares or interests therein. We will not receive any proceeds from the disposition of the shares covered by this prospectus or interests therein. However, we will receive the proceeds from the exercise of the warrants by the selling stockholders and those proceeds will be used for our general corporate purposes.

SELLING STOCKHOLDERS

The selling stockholders acquired the shares held by them and offered by this prospectus in connection with (i) a private placement completed in May 2001, (ii) a private placement completed in August 2002, (iii) the July 2003 restructuring of the lease for our principal operating facilities located in Anaheim, California, (iv) a private placement completed in July 2003, (v) a consulting agreement, (vi) a convertible debenture financing completed in May 2004, (vii) a share exchange completed in May 2004, (viii) a share exchange completed in June 2004, (ix) our October 2004 merger with our Iteris Subsidiary pursuant to which we assumed all of the outstanding warrants of the Iteris Subsidiary, (x) the exercise of options and (xi) a severance arrangement.

Pursuant to a securities purchase agreement dated May 29, 2001 by and between us and Castle Creek Technology Partners LLC, we issued to Castle Creek warrants to purchase up to 853,334 shares of our common stock. One warrant to purchase 426,667 shares of common stock has an exercise price of \$3.00 per share and expires May 29, 2006. The second warrant to purchase an additional 426,667 shares has an exercise price of \$1.28 per share and expires November 29, 2006. Castle Creek exercised the second warrant in full.

Pursuant to the Subscription Agreement dated August 7, 2002 by and between us and Special Situations Fund III, L.P., Special Situations Cayman Fund, L.P. and Special Situations Private Equity Fund, L.P., such entities purchased (i) an aggregate of 2,500,000 shares of our common stock, (ii) warrants to purchase up to an aggregate of 1,250,000 shares of our common stock at an exercise price of \$1.50 per share, subject to adjustment in specified circumstances (the "Series A Warrants"), and (iii) warrants to purchase up to an aggregate of 1,250,000 shares of our common stock at an exercise price of \$1.80 per share, subject to adjustment in specified circumstances (the "Series B Warrants"). In addition, Roth Capital Partners, LLC received warrants to purchase up to an aggregate of 187,500 shares of our common stock (collectively, the "Roth Warrants") in partial consideration for its services as placement agent in the private placement as follows: (a) warrants to purchase up to 75,000 shares of common stock with a per share exercise price of \$1.44, subject to adjustment in specified circumstances, (b) warrants to purchase up to 50,000 shares of common stock with a per share exercise price of \$1.68, subject to adjustment in specified circumstances, and (c) warrants to purchase up to 62,500 shares of common stock with a per share exercise price of \$1.95, subject to adjustment in specified circumstances. All of the Series A Warrants, Series B Warrants and Roth Warrants expire in August 2007.

We may redeem all of the Series A Warrants, at a price of \$0.01 per share of common stock then purchasable under the warrants, if the closing bid price of one share of our common stock equals or exceeds \$3.00 for twenty consecutive trading days, subject to the rights of the holders thereof to exercise their warrants prior to the redemption date. In order to exercise this redemption option, we must redeem all of the Series A Warrants on the same terms. In addition, we may redeem all of the Series B Warrants if the closing bid price of one share of our common stock equals or exceeds \$3.60 for twenty consecutive trading days, subject to the rights of the holders thereof to exercise their warrants prior to the redemption date. The redemption would be effected at a price of \$0.01 per share of common stock then purchasable under the warrants, and in order to exercise this redemption option, we must redeem all of the Series B Warrants on the same terms. In March 2004, we advised Special Situations that the closing bid price of our common stock had exceeded \$3.00 for twenty consecutive trading days and that the Series A Warrants would be redeemed in April 2004. Special Situations exercised the Series A Warrants in full in April 2004 prior to the redemption date.

1515 South Manchester, LLC, the landlord for our principal operating facilities located in Anaheim, California, received 425,000 shares of our common stock and a warrant to purchase up to 75,000 shares of our common stock (the "Landlord Warrant") in connection with the July 2003 restructuring of the lease for our Anaheim property. The landlord subsequently transferred the 425,000

shares of common stock to certain of its affiliates. The Landlord Warrant has an exercise price of \$5.00 per share and expires in July 2010. We may redeem the Landlord Warrant at a price of \$1.00 if the closing sale price of one share of our common stock equals or exceeds \$7.50 for twenty consecutive trading days, subject to the right of the holder thereof to exercise the warrant prior to the redemption date.

Also in July 2003, we entered into a Securities Purchase Agreement pursuant to which we issued (i) an aggregate of 3,666,666 shares of our common stock to certain accredited investors and (ii) warrants to purchase up to an aggregate of 366,666 shares of our common stock at an exercise price of \$1.50 per share, subject to adjustment in specified circumstances (the "Private Placement Warrants"). The Private Placement Warrants are currently exercisable and expire in July 2006.

In January 2004, in connection with a consulting agreement, we issued to our investor relations firm a warrant to purchase up to 35,000 shares of our common stock at an exercise price of \$3.00 per share. The warrant is currently exercisable and expires in January 2007. In connection with a renewal of the consulting agreement, in October 2004, we issued a second warrant to the investor relations firm to purchase up to 15,000 shares of our common stock at an exercise price of \$4.03 per share. The second warrant is currently exercisable and expires in October 2007.

In May 2004, we completed the sale and issuance of subordinated convertible debentures in the aggregate principal amount of \$10.1 million, warrants to purchase an aggregate of 326,730 shares of our common stock at an exercise price of \$3.86 per share and warrants to purchase an aggregate of 313,117 shares of our common stock at an exercise price of \$4.03 per share. The warrants expire on May 18, 2009. The debentures are due in five years, provide for 6.0% annual interest, payable quarterly, and are convertible into our common stock at an initial conversion price of \$3.61 per share, subject to certain adjustments, including adjustments for dilutive issuances. From May 19, 2007 until May 18, 2008, the debentures may be redeemed by us, at our option, at 120% of the principal amount being redeemed; and from May 19, 2008 until the maturity date of May 18, 2009, the debentures may be redeemed at 110% of the principal amount being redeemed. As commissions related to the transaction, we also issued warrants to purchase an aggregate of 34,036 shares of our common stock at \$3.61 per share. The warrants expire on May 18, 2009.

Also in May 2004, we repurchased all of the outstanding shares of Series A preferred stock of the Iteris Subsidiary for an aggregate purchase price of approximately \$17.5 million in cash and we purchased 547,893 shares of the Iteris Subsidiary common stock from DaimlerChrysler Ventures GmbH ("DCV") in consideration for the issuance of 1,219,445 shares of our common stock. Beginning on May 28, 2005, DCV has the right to request registration of all 1,219,445 shares of our common stock held as part of this exchange. In the event we decide not to file a registration statement to register all such shares, DCV may require us to repurchase any or all of its shares of our common stock at a purchase price of \$1.438 per share. DCV was sold to European-based Cipio Partners for an undisclosed sum and its name was changed to Cipio Holding II GmbH.

In June 2004, we entered into an exchange agreement with certain of the holders of the common stock of the Iteris Subsidiary, pursuant to which such holders agreed to exchange an aggregate of 1,319,541 shares of the Iteris Subsidiary common stock for an aggregate of 2,639,082 shares of our common stock. The exchange of shares was part of a plan of reorganization to consolidate the Iteris Subsidiary with our company.

In connection with the consolidation and merger of the Iteris Subsidiary with and into our company, which merger was effected in October 2004, we assumed all of the outstanding warrants of the Iteris Subsidiary. All such warrants to purchase the Iteris Subsidiary common stock were automatically converted into warrants to purchase shares of our common stock, at the same one-for-two exchange ratio which applied to the outstanding common stock of the Iteris Subsidiary. As a result of the merger, warrants to purchase an aggregate of 250,000 shares of the Iteris Subsidiary common stock

at an exercise price of approximately \$2.80 per share, which were issued by the Iteris Subsidiary in August 2001, were converted into warrants to purchase an aggregate of 500,000 shares of our common stock at an exercise price of approximately \$1.40 per share. The warrants are currently exercisable and expire in October 2006. In addition, a warrant issued to Ford Motor Company in July 2000 to purchase up to 1,531,867 shares of the Iteris Subsidiary common stock at an exercise price of \$10.51 per share (subject to certain anti-dilution adjustments) was converted into a warrant to purchase up to 3,063,734 shares of our common stock at an exercise price of approximately \$5.26 per share. The warrant was issued in connection with an agreement executed in July 2000 with Ford, and the shares subject to such warrant vest based on certain milestones set forth in the agreement. As of the date of our merger with our Iteris Subsidiary and the date of this prospectus, 154,718 of the shares subject to such warrant have vested in accordance with the agreement, and no additional shares are expected to vest in the future. The vested portion of the warrant is immediately exercisable, and the warrant will expire no later than January 2010.

In April 2005, William Spreitzer, a former director of our Iteris Subsidiary, exercised the vested portions of his options and purchased 67,500 shares of our common stock at exercise prices ranging from \$0.80 to \$1.88 per share. In May 2005, we issued to Gary Smith a warrant to purchase up to 15,000 shares of our common stock at an exercise price of \$1.42 per share pursuant to a severance arrangement. The warrant is immediately exercisable and expires in August 2013.

We agreed to effect a shelf registration (of which this prospectus is a part) to register all of the shares issued or issuable in connection with the May 2001 private placement, the August 2002 private placement, the July 2003 private placement, the May 2004 debenture financing and the May 2004 share exchange in order to permit those selling stockholders and their transferees to sell their shares from time to time in the public market or in privately-negotiated transactions. We have agreed to use our best efforts to keep the registration statement effective until the earlier of:

- (i) the date on which all such shares have been sold, and
- (ii) the date on which all such shares may be sold pursuant to Rule 144(k) under the Securities Act of 1933, as amended (the "Securities Act").

The shares issued or issuable to 1515 South Manchester, LLC (or its affiliates), the shares issuable upon exercise of the warrants issued to our investor relations firm, and the shares issuable upon exercise of the assumed warrants are being registered pursuant to their respective piggyback registration rights. The shares issued or issuable in connection with the share exchange completed in June 2004 are being registered to permit those selling stockholders and their transferees to sell these shares from time to time in the public market or in privately-negotiated transactions, such that they will enjoy the same benefits as the stockholders of the Iteris Subsidiary who received shares upon the effectiveness of the merger completed in October 2004, the final step of the reorganization and consolidation of the Iteris Subsidiary with and into our company.

This prospectus also covers any additional shares of common stock which become issuable in connection with the shares being registered by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration which results in an increase in the number of our outstanding shares of common stock. In addition, this prospectus covers the preferred stock purchase rights which currently trade with the common stock and entitle the holder to purchase additional shares of common stock under certain circumstances. See "Risk Factors—Certain Anti-Takeover Provisions May Affect The Price Of Our Common Stock And Discourage A Third Party From Acquiring Us."

Except as otherwise indicated in the footnotes, the following table sets forth the number of shares of our common stock beneficially owned by the selling stockholders as of May 1, 2005, based on the selling stockholders' representations regarding their ownership. We cannot estimate the number of

shares that will be held by the selling stockholders after completion of this offering because the selling stockholders may sell all or some of their shares and because there currently are no agreements, arrangements or understandings with respect to the sale of any of their shares. For purposes of the table below, we assume that all shares owned by the selling stockholders which are offered by this prospectus will be sold. On May 1, 2005, 28,383,306 shares of our common stock were outstanding.

Except as indicated in this section, we are not aware of any material relationship between us and the selling stockholders within the past three years other than as a result of the selling stockholders' beneficial ownership of our common stock.

Selling Stockholders	Beneficially Owned Before Offering		Number of Shares Being Offered in Offering	Beneficially Owned After Offering(1)	
	Number of Shares	Percent(2)		Number of Shares	Percent(2)
Milfam I L.P.	1,577,980(3)	5.3%	497,050(4)	16,375	*
Milfam II L.P.	1,577,980(3)	5.3	170,180(5)	16,375	*
Lloyd I. Miller Trust A-4	1,577,980(3)	5.3	535,830(6)	16,375	*
Lloyd I. Miller, III	1,577,980(3)	5.3	358,545(7)	16,375	*
Provident Premier Master Fund Ltd.	510,540(8)	1.8	170,180(9)	—	*
Irvin R. Kessler	510,540(8)	1.8	340,360(10)	—	*
Meadowbrook Opportunity Fund LLC	170,089(11)	*	85,089(11)	85,000	*
Potomac Capital Partners, LP(12)	1,287,937(13)	4.5	272,288(14)	391,875	1.4%
Potomac Capital International Ltd.(12)	1,287,937(13)	4.5	102,108(15)	391,875	1.4
Pleiades Investment Partners R L.P.(12)	1,287,937(13)	4.5	521,666(16)	391,875	1.4
Primarius Focus	515,357(17)	1.8	85,089(18)	175,000	*
Primarius Partners	515,357(17)	1.8	187,197(19)	175,000	*
Primarius Offshore Partners	515,357(17)	1.8	68,071(20)	175,000	*
Tom Kelleher	72,050(21)	*	72,050(21)	—	*
Susan Riley	27,228(22)	*	27,228(22)	—	*
Charlie Riley	27,228(23)	*	27,228(23)	—	*
Eloise Riley	27,228(24)	*	27,228(24)	—	*
Abigail Riley	27,228(25)	*	27,228(25)	—	*
Bryant Riley(26)	3,006,963(27)	10.4	262,945(28)	321,687	1.1
SACC Partners, L.P.(26)	3,006,963(27)	10.4	1,884,579(29)	321,687	1.1
B. Riley & Co., Inc.(26)	3,006,963(27)	10.4	428,840(30)	321,687	1.1
Bainbridge Partners, LLC	306,997(31)	1.1	296,437(32)	10,560	*
Dalart Investments, LP	390,373(33)	1.4	330,473(33)	59,900	*
Charles Schwab, Inc., Custodian for John Johnson IRA	962,074(34)	3.3	34,035(35)	928,039	3.2
Stephen Edwin Rowe	449,387(36)	1.6	17,017(37)	432,370	1.5

Charles Schwab, Inc., Custodian for Francis Memole IRA	249,334(38)	*	17,017(39)	232,317	*
Jason Moshonas	1,136(40)	*	1,136(40)	—	*
Paul J. Donnelly(56)	123,735(41)	*	123,735(41)	—	*
Jeremy Nowak	834(42)	*	834(42)	—	*
Jeremy Nowak and William Nowak	30,000(43)	*	30,000(43)	—	*
The Guardi Family Trust(56)	7,901(44)	*	7,901(44)	—	*
Brian Dunderdale & Nicole Dunderdale JTEN/ WROS	758(45)	*	758(45)	—	*
Joel and Judith Slutzky Trust DTD 08/25/94	2,114,245(46)	7.4	661,586	1,308,043	4.6
Joel Slutzky IRA Charles Schwab Custodian	2,114,245(46)	7.4	144,616	1,308,043	4.6
Kevin C. and Susan T. Daly TTEE U/A/D 05/04/99	378,132(47)	1.3	329,032	49,100	*
Gregory A. Miner	960,783(48)	3.3	41,188	680,784	2.4
Wachovia Securities Custodian for Greg Miner IRA# JFK R24585(49)	960,783(48)	3.3	219,581(50)	680,784	2.4
Wachovia Securities Custodian for Loren Miner IRA# JFK R24577-ORC(49)	960,783(48)	3.3	19,230	680,784	2.4
Abbas Mohaddes	1,051,415(51)	3.7	689,239(52)	342,176	1.2
The Mohaddes Family Trust, dated 12/19/02	1,051,415(51)	3.7	11,540	342,176	1.2
First American Trust, FSB as Trustee for the Iteris, Inc. Deferred Compensation Savings Plan No. 1033-0088-00	1,051,415(51)	3.7	8,460	342,176	1.2
Richard R. Bonadio	241,210	*	241,210	—	*
1515 South Manchester, LLC(53)	107,000(54)	*	75,000(54)	32,000	*
Dartbrook-Twin Oaks, L.P.(55)	123,973	*	123,973	—	*
William T. White, III, Trustee of the William T. White, III Revocable Trust Dated 9/7/88(55)	56,250	*	56,250	—	*
William H. McFarland and Rose-Marie McFarland, Trustees of the William H. McFarland and Rose-Marie McFarland Family Trust u/t/a dated February 13, 1998(55)	109,776	*	109,776	—	*
Anthony A. Allen and Virginia M. Allen, as Trustees of The Allen Family Trust dated April 10, 1985(55)	71,821	*	70,821	1,000	*

Scott Allen and Janis Allen, Trustees of the Scott and Janis Allen Living Trust dated August 12, 1989(55)	7,090	*	7,090	—	*
Stephen D. Weinress	47,500(57)	*	47,500(57)	—	*
Carl E. Frankson	112,500(58)	*	112,500(58)	—	*
Gregory E. Presson(56)	62,500(59)	*	62,500(59)	—	*
Andre D. Guardi(56)	127,067(60)	*	119,166(60)	—	*
Patrick S. Bannister	35,834(61)	*	35,834(61)	—	*
Robert W. Campbell(56)	6,666(62)	*	6,666(62)	—	*
Ford Motor Company	154,718(63)	*	154,718(63)	—	*
Hayden Communications, Inc.	60,000(64)	*	50,000(64)	10,000	*
Special Situations Cayman Fund, L.P.	4,136,655(65)	15.6	678,300(66)	—	*
Special Situations Private Equity Fund, L.P.	4,136,655(65)	15.6	1,119,200(67)	—	*
Special Situations Fund III, L.P.	4,136,655(65)	15.6	2,339,155(68)	—	*
Roth Capital Partners, LLC(69)	112,500(70)	*	112,500(70)	—	*
Castle Creek Technology Partners LLC(71)	426,667(72)	2.9	426,667(72)	—	*
William Spreitzer(73)	67,500	*	67,500	—	*
Gary Smith(74)	169,849(75)	*	15,000(76)	154,849(77)	*
Cipio Holding II GmbH	1,219,445		1,219,445	—	*

* Less than 1%

- (1) This table assumes that all shares owned by the selling stockholders which are offered by this prospectus are being sold. The selling stockholders reserve the right to accept or reject, in whole or in part, any proposed sale of shares. The selling stockholders also may offer and sell less than the number of shares indicated. The selling stockholders are not making any representation that any shares covered by this prospectus will or will not be offered for sale.
- (2) Based on 28,383,306 shares of common stock outstanding on May 1, 2005. Shares of common stock subject to options or warrants or convertible debentures which are exercisable within 60 days of May 1, 2005 are deemed to be beneficially owned by the person holding such options or warrants or convertible debentures for the purpose of computing the percentage of ownership of such person but are not treated as outstanding for the purpose of computing the percentage of any other person. Other than as described in the preceding sentence, shares issuable upon exercise of outstanding options and warrants or convertible debentures are not deemed to be outstanding.
- (3) Based on securities held as of May 6, 2005. Includes (i) 5,000 shares held by the Lloyd I. Miller Trust A-2; (ii) 5,000 shares held by Lloyd I. Miller Trust A-3; (iii) 725 shares held by Milfam I L.P.; (iv) 2,650 shares held by Milfam II L.P.; (v) 3,000 shares held by Lloyd I. Miller, III; (vi) 742,381 shares issuable upon conversion of convertible debentures held by Milfam I L.P., Milfam II L.P., Lloyd I. Miller Trust A-4 and Lloyd I. Miller, III; and (vii) 126,704 shares subject to warrants held

by Milfam I L.P., Milfam II L.P., the Lloyd I. Miller Trust A-4 and Mr. Miller which are currently exercisable. Lloyd I. Miller, III is the manager of Milfam LLC. Milfam LLC is the managing general partner of Milfam I L.P. and Milfam II L.P. Mr. Miller is the advisor to the trustee of the Lloyd I. Miller Trust A-2, Lloyd I. Miller Trust A-3 and Lloyd I. Miller Trust A-4.

- (4) Includes (i) 138,504 shares issuable upon conversion of a convertible debenture in the principal amount of \$500,000, (ii) 326,870 shares issuable upon conversion of a convertible debenture in the principal amount of \$1,180,000 and (iii) 31,676 shares subject to warrants which are currently exercisable.
- (5) Includes (i) 138,504 shares issuable upon conversion of a convertible debenture in the principal amount of \$500,000 and (ii) 31,676 shares subject to warrants which are currently exercisable.
- (6) Includes (i) 138,504 shares issuable upon conversion of a convertible debenture in the principal amount of \$500,000, (ii) 365,650 shares issuable upon conversion of a convertible debenture in the principal amount of \$1,320,000 and (iii) 31,676 shares subject to warrants which are currently exercisable.
- (7) Includes (i) 138,504 shares issuable upon conversion of a convertible debenture in the principal amount of \$500,000, (ii) 188,365 shares issuable upon conversion of a convertible debenture in the principal amount of \$680,000 and (iii) 31,676 shares subject to warrants which are currently exercisable.
- (8) Includes 415,512 shares issuable upon conversion of convertible debentures and 95,028 shares subject to a warrant which is currently exercisable, all held by Provident Premier Master Fund Ltd. and Irvin R. Kessler. Irvin Kessler is the Managing Member and Chief Investment Officer for Provident Advisors LLC, the Investment Advisor to the Provident Premier Master Fund Ltd.
- (9) Includes 138,504 shares issuable upon conversion of a convertible debenture in the principal amount of \$500,000 and 31,676 shares subject to warrants which are currently exercisable.
- (10) Includes 277,008 shares issuable upon conversion of a convertible debenture in the principal amount of \$1,000,000 and 63,252 shares subject to warrants which are currently exercisable.
- (11) Includes 15,837 shares subject to warrants which are currently exercisable.
- (12) The voting power over the shares are shared by Potomac Capital Management LLC, Potomac Capital Management Inc. and Paul J. Solit. Potomac Capital Management Inc. is the Investment Manager of a managed account of Pleiades Investment Partners-R, LP. Paul J. Solit is the President and sole owner of Potomac Capital Management Inc. Potomac Capital Management LLC is the General Partner of Potomac Capital Partners LP. Mr. Paul J. Solit is the Managing Member of Potomac Capital Management LLC. Potomac Capital Management Inc. is the Investment Manager of Potomac Capital International Ltd., an international business company formed under the laws of the British Virgin Islands. Paul J. Solit is a Director of Potomac Capital International Ltd.
- (13) Includes 304,708 shares issuable upon conversion of convertible debentures held by Potomac Capital Partners, LP and Potomac Capital International Ltd. and 128,021 shares issuable upon exercise of warrants held by Potomac Capital Partners, LP, Potomac Capital International Ltd. and Pleiades Investment Partners-R, LP that are currently exercisable.
- (14) Includes 221,606 shares issuable upon conversion of a convertible debenture in the principal amount of \$800,000 and 50,682 shares subject to warrants which are currently exercisable.
- (15) Includes 83,102 shares issuable upon conversion of a convertible debenture in the principal amount of \$300,000 and 19,006 shares subject to warrants which are currently exercisable.

- (16) Includes 58,333 shares of common stock subject to a warrant which is currently exercisable.
- (17) Includes (i) 277,007 shares issuable upon conversion of convertible debentures held by Primarius Focus, Primarius Partners and Primarius Offshore Partners and (ii) 63,350 shares issuable upon exercise of warrants held by such funds. Primarius Capital is the General Partner of each of Primarius Focus, Primarius Partners and Primarius Offshore Partners. Patrick Lin is the managing partner of Primarius Capital.
- (18) Includes 69,252 shares issuable upon conversion of a convertible debenture in the principal amount of \$250,000 and 15,837 shares subject to warrants which are currently exercisable.
- (19) Includes 152,354 shares issuable upon conversion of a convertible debenture in the principal amount of \$550,000 and 34,843 shares subject to warrants which are currently exercisable.
- (20) Includes 55,401 shares issuable upon conversion of a convertible debenture in the principal amount of \$200,000 and 12,670 shares subject to warrants which are currently exercisable.
- (21) Includes 13,850 shares issuable upon conversion of a convertible debenture in the principal amount of \$50,000 and 11,500 shares subject to warrants which are currently exercisable.
- (22) Includes 22,160 shares issuable upon conversion of a convertible debenture in the principal amount of \$80,000 and 5,068 shares subject to warrants which are currently exercisable.
- (23) Includes 22,160 shares issuable upon conversion of a convertible debenture in the principal amount of \$80,000 and 5,068 shares subject to warrants which are currently exercisable.
- (24) Includes 22,160 shares issuable upon conversion of a convertible debenture in the principal amount of \$80,000 and 5,068 shares subject to warrants which are currently exercisable.
- (25) Includes 22,160 shares issuable upon conversion of a convertible debenture in the principal amount of \$80,000 and 5,068 shares subject to warrants which are currently exercisable.
- (26) Bryant Riley owns all of the outstanding shares of B. Riley & Co., Inc., an NASD member broker-dealer. Mr. Riley also manages and owns all of the outstanding membership interests of Riley Investment Management LLC ("RIM"), a California registered investment adviser. RIM is the investment adviser to and general partner of SACC Partners L.P. B. Riley & Co., Inc. has provided financial advisory services to us and has received payments (including warrants) for such services.
- (27) Based on securities held as of May 6, 2005. Includes (i) 88,640 shares issuable upon conversion of convertible debentures held by Bryant Riley's children and (ii) 495,570 shares issuable upon exercise of warrants held by Bryant Riley, his children, B. Riley & Co., Inc. and SACC Partners L.P. that are currently exercisable. Mr. Riley disclaims beneficial ownership of the shares held for his children's accounts.
- (28) Includes 76,412 shares subject to warrants which are currently exercisable.
- (29) Includes 341,713 shares subject to warrants which are currently exercisable.
- (30) Includes 57,173 shares subject to warrants which are currently exercisable.
- (31) Includes 41,551 shares issuable upon conversion of a convertible debenture in the principal amount of \$150,000 and 9,502 shares subject to warrants which are currently exercisable. Also includes 9,260 shares held in Edward Victor's IRA and 1,300 shares held by the Victor Family Foundation for which Mr. Victor serves as the trustee. Edward Victor is the manager of Bainbridge Partners, LLC.

- (32) Includes 41,551 shares issuable upon conversion of a convertible debenture in the principal amount of \$150,000 and 9,502 shares subject to warrants which are currently exercisable.
- (33) Includes 69,252 shares issuable upon conversion of a convertible debenture in the principal amount of \$250,000 and 15,837 shares subject to warrants which are currently exercisable.
- (34) The shares are beneficially owned by John Johnson, the President, Chief Executive Officer and a director of Iteris, Inc. Includes (i) 27,700 shares issuable upon conversion of convertible debentures held by Mr. Johnson's IRA, (ii) 6,335 shares issuable upon exercise of warrants held by Mr. Johnson's IRA which are currently exercisable, and (iii) 553,180 shares issuable upon exercise of options held by Mr. Johnson that are currently exercisable or will become exercisable within 60 days after May 1, 2005.
- (35) Includes 27,700 shares issuable upon conversion of a convertible debenture in the principal amount of \$100,000 and 6,335 shares subject to warrants which are currently exercisable.
- (36) Mr. Rowe is a Senior Vice President of Iteris, Inc. Includes 394,984 shares issuable upon exercise of options that are currently exercisable.
- (37) Includes 13,850 shares issuable upon conversion of a convertible debenture in the principal amount of \$50,000 and 3,167 shares subject to warrants which are currently exercisable.
- (38) The shares are beneficially owned by Francis Memole, a Senior Vice President and a General Manager of Iteris, Inc. Includes (i) 13,850 shares issuable upon conversion of a convertible debenture, (ii) 3,167 shares issuable upon exercise of warrants that are currently exercisable, and (iii) 180,496 shares issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after May 1, 2005.
- (39) Includes 13,850 shares issuable upon conversion of a convertible debenture in the principal amount of \$50,000 and 3,167 shares subject to warrants which are currently exercisable.
- (40) Consists of shares subject to a warrant which is currently exercisable.
- (41) Consists of shares subject to warrants which are currently exercisable.
- (42) Consists of shares subject to a warrant which is currently exercisable.
- (43) Includes 25,000 shares of common stock subject to a warrant which is currently exercisable.
- (44) Consists of shares subject to a warrant which is currently exercisable.
- (45) Consists of shares subject to a warrant which is currently exercisable.
- (46) The shares are beneficially owned by Joel Slutzky, a member of our board of directors. Includes 190,000 shares issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after May 1, 2005. Excludes shares of common stock held in trust for the benefit of Gail Standt, Alan Slutzky and Eric Slutzky and their children as well as shares in the Joel Slutzky Family Trust as to which Mr. Slutzky has no investment or voting power and disclaims any beneficial ownership.
- (47) The shares are beneficially owned by Kevin Daly, a member of our board of directors. Includes (i) 100 shares held by Dr. Daly's spouse, (ii) 329,032 shares held by a trust to which Dr. Daly serves as a trustee, and (iii) 33,000 shares issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after May 1, 2005.
- (48) Includes (i) 13,850 shares issuable upon conversion of convertible debentures held by Mr. Miner's IRA, (ii) 19,834 shares issuable upon exercise of warrants held by Mr. Miner's IRA that are currently exercisable, (iii) 19,230 shares held by Mr. Miner's IRA, (iv) 19,230 shares held by Mr. Miner's wife's IRA and (v) 510,000 shares issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after May 1, 2005.

- (49) The shares are beneficially owned by Greg Miner, the Chairman of the Board of Iteris, Inc. Prior to the merger of the Iteris Subsidiary into the company in October 2004, Mr. Miner served as the company's Chief Executive Officer and Chief Financial Officer and as a director.
- (50) Includes 16,667 shares of common stock subject to a warrant.
- (51) The shares are beneficially owned by Abbas Mohaddes, an Executive Vice President, a General Manager and an Assistant Secretary of Iteris, Inc. Includes (i) 13,850 shares issuable upon conversion of convertible debentures, (ii) 3,167 shares issuable upon exercise of warrants that are currently exercisable, and (iii) 228,000 shares issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after May 1, 2005.
- (52) Includes 3,167 shares subject to a warrant which is currently exercisable.
- (53) Includes 32,000 shares held by William McFarland, the Managing Member of 1515 South Manchester, LLC. 1515 South Manchester, LLC is our landlord for our principal operating facilities located in Anaheim, California.
- (54) Consists of 75,000 shares of common stock subject to a warrant which is currently exercisable.
- (55) Such selling stockholder is an affiliate of 1515 South Manchester, LLC, our landlord.
- (56) Such selling stockholder is an affiliate or is a former affiliate of B. Riley & Co., Inc., which has provided financial advisory services to us and has received payments (including warrants) for such services.
- (57) Consists of shares of common stock subject to a warrant which is currently exercisable.
- (58) Consists of shares of common stock subject to a warrant which is currently exercisable.
- (59) Consists of shares of common stock subject to a warrant which is currently exercisable.
- (60) Consists of shares of common stock subject to a warrant which is currently exercisable.
- (61) Consists of shares of common stock subject to a warrant which is currently exercisable.
- (62) Consists of shares of common stock subject to a warrant which is currently exercisable.
- (63) Consists of shares of common stock subject to a warrant which is currently exercisable.
- (64) Includes 50,000 shares of common stock subject to warrants which are currently exercisable and 10,000 shares held by Matthew Hayden. Matthew Hayden is the President and owner of Hayden Communications. Hayden Communications provides investor relations services to us.
- (65) Includes 1,250,000 shares issuable upon exercise of warrants that were issued to Special Situations Cayman Fund, L.P., Special Situations Fund III, L.P. and Special Situations Private Equity Fund, L.P. (collectively, the "Special Situations Funds"). Austin W. Marx and David M. Greenhouse share voting power and shared dispositive power over the shares of common stock (including the 1,250,000 shares issuable upon exercise of warrants) held by the Special Situations Funds. Messrs. Marx and Greenhouse are the controlling principals of AWM Investment Company, Inc. ("AWM"), the general partner of Special Situations Cayman Fund, L.P. AWM is the general partner of MGP Advisers Limited Partnership, the general partner of Special Situations Fund III, L.P. In addition, Messrs. Marx and Greenhouse are members of MG Advisers L.L.C., the general partner of Special Situations Private Equity Fund, L.P.
- (66) Includes 208,300 shares of common stock subject to a warrant which is currently exercisable.
- (67) Includes 333,350 shares of common stock subject to a warrant which is currently exercisable.
- (68) Includes 708,350 shares of common stock subject to a warrant which is currently exercisable.

- (69) As the chairman and chief executive officer of Roth Capital Partners, LLC, Byron C. Roth controls the voting and disposition of shares held by Roth Capital Partners, LLC.
- (70) Consists of 112,500 shares of common stock subject to warrants which are currently exercisable.
- (71) As investment manager under a management agreement, Castle Creek Partners, LLC may exercise dispositive and voting power with respect to the shares owned by Castle Creek Technology Partners LLC. Castle Creek Partners, LLC disclaims beneficial ownership of such shares. Daniel Asher is the managing member of Castle Creek Partners, LLC. Mr. Asher disclaims beneficial ownership of the shares owned by Castle Creek Technology Partners LLC.
- (72) Consists of 426,667 shares of common stock subject to a warrant which is currently exercisable.
- (73) Mr. Spreitzer served as a director of our Iteris Subsidiary until the merger of such subsidiary into the company in October 2004.
- (74) Mr. Smith previously served as our Vice President, Controller and Secretary. He resigned from his positions with the company effective September 30, 2003.
- (75) Based on securities held as of May 6, 2005. Includes 15,000 shares of common stock subject to a warrant which is currently exercisable and 119,998 shares of common stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after May 1, 2005.
- (76) Consists of shares of common stock subject to a warrant which is currently exercisable.
- (77) Includes 119,998 shares of common stock issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after May 1, 2005.

PLAN OF DISTRIBUTION

We are registering the shares of common stock covered by this prospectus on behalf of the selling stockholders, which, as used herein, includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests therein received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer. We will not receive any of the proceeds from sales or other dispositions of the shares or interests therein by the selling stockholders or their transferees. If the warrants were exercised in full, we would receive proceeds of \$9,006,577, which would be used for general corporate purposes.

The selling stockholders named in this prospectus, or pledgees, donees, transferees or other successors-in-interest selling shares received from the selling stockholders as a gift, partnership distribution or other transfer after the date of this prospectus, may sell or otherwise dispose of these shares or interests therein from time to time. The selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each disposition. The dispositions may be made on one or more exchanges or in the over-the-counter market or otherwise at prices and at terms then prevailing or at prices related to the then current market price or in negotiated transactions. The selling stockholders may effect such transactions by selling their shares to or through broker-dealers. The shares may be sold by one or more of, or a combination of, the following:

- a block trade in which the broker-dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by such broker-dealer for its account under this prospectus;
- an exchange distribution in accordance with the rules of such exchange;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market, including negotiated sales;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- through the settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- in privately negotiated transactions;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

To the extent required, this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution. In effecting sales, broker-dealers engaged by the selling stockholders may arrange for other broker-dealers to participate in such resales.

The selling stockholders may enter into hedging transactions with broker-dealers in connection with distributions of their shares or otherwise. In such transactions, broker-dealers may engage in short sales of the shares in the course of hedging the positions they assume with the selling stockholders. The selling stockholders also may sell shares short and redeliver the shares to close out such short positions. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction). The selling stockholders also may loan or pledge their shares to a

broker-dealer. The broker-dealer may sell the shares so loaned, or upon a default the broker-dealer may sell the pledged shares under this prospectus.

Broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from the selling stockholders. Broker-dealers or agents may also receive compensation from the purchasers of the shares for whom they act as agents or to whom they sell as principals, or both. Compensation as to a particular broker-dealer might be in excess of customary broker-dealers or the selling stockholders may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act in connection with sales of the shares. Accordingly, any such commission, discount or concession received by them and any profit on the resale of the shares purchased by them may be deemed to be underwriting discounts or commissions under the Securities Act. Because selling stockholders may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act, the selling stockholders will be subject to the prospectus delivery requirements of the Securities Act.

In addition, any securities covered by this prospectus which qualify for sale under Rule 144 promulgated under the Securities Act may be sold under Rule 144 rather than under this prospectus. The selling stockholders have advised us that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their securities. There is no underwriter or coordinating broker acting in connection with the proposed sale of shares by the selling stockholders.

The shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states the shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the shares may not simultaneously engage in market making activities with respect to our common stock for a period of two business days prior to the commencement of such distribution. In addition, each selling stockholder will be subject to applicable provisions of the Exchange Act and the associated rules and regulations under the Exchange Act, including Regulation M, which provisions may limit the timing of purchase and sales of shares of our common stock by the selling stockholders. We will make copies of this prospectus available to the selling stockholders and have informed them of the need for delivery of copies of this prospectus to purchasers at or prior to the time of any sale of the shares.

We will file a supplement to this prospectus, if required, under Rule 424(b) under the Securities Act upon being notified by a selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer. Such supplement will disclose:

- the name of each such selling stockholder and of the participating broker-dealer(s),
- the number of shares involved,
- the price at which such shares were sold,
- the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable,
- that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and
- other facts material to the transaction.

In addition, upon being notified by a selling stockholder that a donee or pledgee intends to sell more than 500 shares, we will file a supplement to this prospectus.

We will bear all costs, expenses and fees in connection with the registration of the shares. The selling stockholders will bear all commissions and discounts, if any, attributable to the sales of their shares. The selling stockholders may agree to indemnify any broker-dealer or agent that participates in transactions involving sales of their shares against certain liabilities, including liabilities arising under the Securities Act. In addition, we have agreed to indemnify the selling stockholders and their affiliates against certain liabilities, including liabilities arising under the Securities Act.

LEGAL MATTERS

The legality of the shares offered hereby will be passed upon for Iteris by Dorsey & Whitney LLP, Irvine, California.

EXPERTS

McGladrey & Pullen LLP, our independent registered public accounting firm, have audited our consolidated financial statements and schedule for the year ended March 31, 2005 included in our Annual Report on Form 10-K for the year ended March 31, 2005, as set forth in their report, which is incorporated by reference in this prospectus and elsewhere in the registration statement. Such consolidated financial statements and schedule are incorporated by reference in reliance on McGladrey & Pullen LLP's report, given on their authority as experts in accounting and auditing.

Ernst & Young LLP, our previous independent registered public accounting firm, have audited our consolidated financial statements and schedule for the year ended March 31, 2004 included in our Annual Report on Form 10-K for the year ended March 31, 2005, as set forth in their report, which is incorporated by reference in this prospectus and elsewhere in the registration statement. Such consolidated financial statements and schedule are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

We have not authorized any person to make a statement that differs from what is in this prospectus. If any person does make a statement that differs from what is in this prospectus, you should not rely on it. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any state in which the offer or sale is not permitted. The information in this prospectus is complete and accurate as of its date, but the information may change after that date.

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ITERIS, INC.

16,385,565 Shares
of
Common Stock

PROSPECTUS

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the various costs and expenses to be paid by us with respect to the sale and distribution of the securities being registered. All of the amounts shown are estimates except for the SEC registration fee.

SEC Registration Fee	\$	5,786
Printing Expenses		5,000
Legal Fees and Expenses		25,000
Accounting Fees and Expenses		45,000
Miscellaneous		4,214
Total	\$	85,000

We will bear all costs, expenses and fees in connection with the registration of the shares. The selling stockholders will bear all commissions and discounts, if any, attributable to the sales of their shares.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Under Section 145 of the Delaware General Corporation Law, Iteris can indemnify its directors and officers against liabilities they may incur in such capacities, including liabilities under the Securities Act. Iteris' bylaws provide that Iteris will indemnify its directors and officers to the fullest extent permitted by law and require Iteris to advance litigation expenses upon receipt by Iteris of an undertaking by the director or officer to repay such advances if it is ultimately determined that the director or officer is not entitled to indemnification. The bylaws further provide that rights conferred under such bylaws do not exclude any other right such persons may have or acquire under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Iteris' certificate of incorporation provides that, under Delaware law, its directors shall not be liable for monetary damages for breach of the directors' fiduciary duty of care to Iteris and its stockholders. This provision in the certificate of incorporation does not eliminate the duty of care, and in appropriate circumstances equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to Iteris or its stockholders, for acts or omissions not in good faith or involving intentional misconduct or knowing violations of law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

Iteris has entered into agreements to indemnify its directors, the directors of certain of its subsidiaries and certain of its officers in addition to the indemnification provided for in the certificate of incorporation and bylaws. These agreements, among other things, indemnify Iteris' directors and certain of its officers for certain expenses, attorneys' fees, judgments, fines and settlement amounts incurred by such person in any action or proceeding, including any action by or in the right of Iteris, on account of services as a director or officer of Iteris, or as a director or officer of any other company or enterprise to which the person provides services at the request of Iteris.

ITEM 16. EXHIBITS

Exhibit Number	Description	Where Located
4.1	Specimen of common stock certificate.	<i>Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A as filed with the SEC on December 8, 2004</i>
4.2	Amended and Restated Rights Agreement, dated as of May 10, 2004, by and between the registrant and U.S. Stock Transfer Corporation, including the exhibits thereto	<i>Incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form 8-A/A as filed with the SEC on June 18, 2004</i>
4.3	Stock Purchase Warrant dated November 29, 2001 issued to Castle Creek Technology Partners LLC	<i>Incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on December 6, 2001</i>
4.4	Form of Series A Warrant issued to private placement investors in August 2002	<i>Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.5	Form of Series B Warrant issued to private placement investors in August 2002	<i>Incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.6	Warrant A-1 dated August 16, 2002 issued to Roth Capital Partners, LLC for the purchase of 75,000 shares of common stock	<i>Incorporated by reference to Exhibit 4.7 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.7	Warrant A-2 dated August 16, 2002 issued to Roth Capital Partners, LLC for the purchase of 50,000 shares of common stock	<i>Incorporated by reference to Exhibit 4.8 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.8	Warrant A-3 dated August 16, 2002 issued to Roth Capital Partners, LLC for the purchase of 62,500 shares of common stock	<i>Incorporated by reference to Exhibit 4.9 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.9	Warrant to Purchase Common Stock issued to 1515 South Manchester, LLC.	<i>Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-1 as filed with the SEC on November 7, 2003</i>
4.10	Form of Warrant issued to private placement investors in July 2003	<i>Incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form S-1 as filed with the SEC on November 7, 2003</i>
4.11	Warrants dated January 21, 2004 and October 25, 2004 issued to Hayden Communications, Inc.	<i>Filed Herewith</i>
4.12	Debenture Purchase and Warrant Agreement, dated May 19, 2004, by and among the registrant and certain investors	<i>Incorporated by reference to Exhibit 10.25 to the Registrant's Registration Statement on Form S-1 as filed with the SEC on July 14, 2004</i>

4.13	Form of Warrant dated May 19, 2004 for convertible debenture financing	<i>Incorporated by reference to Exhibit B to Exhibit 10.25 to the Registrant's Registration Statement on Form S-1 as filed with the SEC on July 14, 2004</i>
4.14	Form of Warrants issued to affiliates of L.H. Friend, Weinress, Frankson & Presson, LLC in October 2001 (assumed by the registrant in October 2004)	<i>Filed Herewith</i>
4.15	Warrant issued to Ford Motor Company in July 2000 (assumed by the registrant in October 2004)	<i>Filed Herewith</i>
4.16	Warrant issued to Gary Smith in May 2005	<i>Filed Herewith</i>
5.1	Opinion of Dorsey & Whitney LLP	<i>Filed Herewith</i>
23.1	Consent of Independent Registered Public Accounting Firm, McGladrey & Pullen, LLP	<i>Filed Herewith</i>
23.2	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP	<i>Filed Herewith</i>
23.3	Consent of Dorsey & Whitney LLP	<i>Included in Exhibit 5.1</i>
24.1**	Power of Attorney	<i>Included in signature page</i>

** Previously filed on January 10, 2005 with the initial submission of this registration statement on Form S-3.

ITEM 17. UNDERTAKINGS

The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering price may be reflected in the form of prospectus filed with the SEC under Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement; provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by us pursuant

to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act each filing of Iteris' Annual Report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference into this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of Iteris pursuant to the foregoing provisions, or otherwise, Iteris has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Iteris of expenses incurred or paid by a director, officer or controlling person of Iteris in the successful defense of any action, suit, or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, Iteris will, unless in the opinion of its counsel the question has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 1 to Registration Statement on Form S-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Anaheim, state of California, on July 22, 2005.

ITERIS, INC.

By: /s/ JACK JOHNSON

Jack Johnson
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to Registration Statement on Form S-3 has been signed below by the following persons in the capacities indicated on July 22, 2005.

Signature	Title
_____ /s/ JACK JOHNSON _____ Jack Johnson	President, Chief Executive Officer and Director (principal executive officer)
_____ /s/ JAMES S. MIELE _____ James S. Miele	Vice President, Chief Financial Officer and Secretary (principal financial and accounting officer)
_____ *	Chairman of the Board
_____ Gregory A. Miner _____ *	Director
_____ Kevin C. Daly _____ *	Director
_____ Gary Hernandez _____ *	Director
_____ Hartmut Marwitz _____ *	Director
_____ Jerry F. Muench _____ *	Director
_____ John W. Seazholtz	

*

Director

Joel Slutzky

*

Director

Thomas L. Thomas

*

Director

Paul E. Wright

*By:

/s/ JACK JOHNSON

Jack Johnson
Pursuant to Power of Attorney

INDEX OF EXHIBITS

Exhibit Number	Description	Where Located
4.1	Specimen of common stock certificate.	<i>Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A as filed with the SEC on December 8, 2004</i>
4.2	Amended and Restated Rights Agreement, dated as of May 10, 2004, by and between the registrant and U.S. Stock Transfer Corporation, including the exhibits thereto	<i>Incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form 8-A/A as filed with the SEC on June 18, 2004</i>
4.3	Stock Purchase Warrant dated November 29, 2001 issued to Castle Creek Technology Partners LLC	<i>Incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on December 6, 2001</i>
4.4	Form of Series A Warrant issued to private placement investors in August 2002	<i>Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.5	Form of Series B Warrant issued to private placement investors in August 2002	<i>Incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.6	Warrant A-1 dated August 16, 2002 issued to Roth Capital Partners, LLC for the purchase of 75,000 shares of common stock	<i>Incorporated by reference to Exhibit 4.7 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.7	Warrant A-2 dated August 16, 2002 issued to Roth Capital Partners, LLC for the purchase of 50,000 shares of common stock	<i>Incorporated by reference to Exhibit 4.8 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.8	Warrant A-3 dated August 16, 2002 issued to Roth Capital Partners, LLC for the purchase of 62,500 shares of common stock	<i>Incorporated by reference to Exhibit 4.9 to the Registrant's Registration Statement on Form S-3 as filed with the SEC on September 2, 2002</i>
4.9	Warrant to Purchase Common Stock issued to 1515 South Manchester, LLC.	<i>Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-1 as filed with the SEC on November 7, 2003</i>
4.10	Form of Warrant issued to private placement investors in July 2003	<i>Incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form S-1 as filed with the SEC on November 7, 2003</i>
4.11	Warrants dated January 21, 2004 and October 25, 2004 issued to Hayden Communications, Inc.	<i>Filed Herewith</i>
4.12	Debenture Purchase and Warrant Agreement, dated May 19, 2004, by and among the registrant and certain investors	<i>Incorporated by reference to Exhibit 10.25 to the Registrant's Registration Statement on Form S-1 as filed with the SEC on July 14, 2004</i>
4.13	Form of Warrant dated May 19, 2004 for convertible debenture financing	<i>Incorporated by reference to Exhibit B to Exhibit 10.25 to the Registrant's Registration Statement on Form S-1 as filed with the SEC on July 14, 2004</i>

4.14	Form of Warrants issued to affiliates of L.H. Friend, Weinress, Frankson & Presson, LLC in October 2001 (assumed by the registrant in October 2004)	<i>Filed Herewith</i>
4.15	Warrant issued to Ford Motor Company in July 2000 (assumed by the registrant in October 2004)	<i>Filed Herewith</i>
4.16	Warrant issued to Gary Smith in May 2005	<i>Filed Herewith</i>
5.1	Opinion of Dorsey & Whitney LLP	<i>Filed Herewith</i>
23.1	Consent of Independent Registered Public Accounting Firm, McGladrey & Pullen, LLP	<i>Filed Herewith</i>
23.2	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP	<i>Filed Herewith</i>
23.3	Consent of Dorsey & Whitney LLP	<i>Included in Exhibit 5.1</i>
24.1**	Power of Attorney	<i>Included in signature page</i>

** Previously filed on January 10, 2005 with the initial submission of this registration statement on Form S-3.

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WARRANT TO PURCHASE COMMON STOCK

THIS WARRANT AND THE SECURITIES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT TO PURCHASE COMMON STOCK

Number of Shares:	35,000 shares
Warrant Price:	\$3.00 per share
Issuance Date:	January 21, 2004
Expiration Date:	January 20, 2007

FOR VALUE RECEIVED, Hayden Communications Inc., a South Carolina Corporation (hereinafter called the "**Holder**") is entitled to purchase from Iteris Holdings, Inc., a Delaware corporation (the "**Company**") the above referenced number of shares of the Company's Class A Common Stock (the "**Common Stock**"), at the Warrant Price referenced above, all subject to adjustment from time to time as described herein. The exercise of this Warrant shall be subject to the provisions, limitations and restrictions contained herein.

1. **Term and Exercise.**

1.1 **Term.** This Warrant is exercisable in whole or in part (but not as to any fractional share of Common Stock), at any time subsequent to July 21, 2004, and from July 21, 2004 forward from time to time prior to 5:00 p.m. on the Expiration Date set forth above.

1.2 **Procedure for Exercise of Warrant.**

(a) Holder may exercise this Warrant by delivering the following to the principal office of the Company in accordance with *Section 5.1* hereof: (i) a duly executed Notice of Exercise in substantially the form attached as *Schedule A*, (ii) payment of the Warrant Price then in effect for each of the shares being purchased, as designated in the Notice of Exercise, and (iii) this Warrant. Payment of the Warrant Price may be in cash, certified or official bank check payable to the order of the Company, or wire transfer of funds to the Company's account (or any combination of any of the foregoing) in the amount of the Warrant Price for each share being purchased.

(b) Notwithstanding any provisions herein to the contrary, if the Fair Market Value (as defined below) is greater than the Warrant Price as of the day of exercise, the Holder may elect to receive, without the payment by the Holder of any additional consideration, shares of Common Stock equal to the value of the "spread" on the shares (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company in accordance with *Section 5.1*, together with the Notice of Exercise, in which event the Company shall issue to the Holder hereof a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y \times (\text{FMV} - \text{WP})}{\text{FMV}}$$

1

Where: X = the number of shares of Common Stock to be issued to the Holder pursuant to this net exercise

Y = the number of shares of Common Stock purchasable under the Warrant or, if only a portion of the Warrant is being exercised, that portion of the Warrant requested to be exercised

FMV = the Fair Market Value (as of the date of such calculation) of one share of Common Stock

WP = the Warrant Price (as adjusted as of the date of such calculation)

For purposes of this Warrant, the "**Fair Market Value**" of one share of the Company's Common Stock as of a particular date shall be determined as follows: (i) if traded on a national securities exchange or through the Nasdaq Stock Market, the Fair Market Value shall be deemed to be the volume weighted average trading price of the Common Stock on such exchange for the five trading days immediately prior to the date of exercise indicated in the Notice of Exercise (or if no reported sales took place on such day, the last date on which any such sales took place prior to the date of exercise); (ii) if traded over-the-counter only and not on the Nasdaq Stock Market, the Fair Market Value shall be deemed to be the average of the closing bid and asked prices as of five trading days immediately prior to the date of exercise indicated in the Notice of Exercise (or if no reported sales took place on such day, the last date on which any such sales took place prior to the date of exercise); and (iii) if there is no active public market, the Fair Market Value shall be the fair market value of the Common Stock as of the date of exercise, as determined in good faith by the Board of Directors of the Company; provided that any such five trading day period referenced above shall be extended by the number of trading days during such period on which trading in the Company's Common Stock is suspended, by, or not traded on the securities exchange, Nasdaq Stock Market or over-the-counter market on which the Common Stock is then listed or traded.

1.3 Effective Date of Exercise; Delivery of Certificate.

(a) In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the shares of Common Stock so purchased, registered in the name of the Holder or such other name or names as may be designated by the Holder, together with any other securities or other property which the Holder is entitled to receive upon exercise of this Warrant, shall be delivered to the Holder hereof, at the Company's expense, within a reasonable time after the rights represented by this Warrant shall have been so exercised; and, unless this Warrant has expired or have been exercised in full, a new Warrant representing the number of shares (except a remaining fractional share), if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder hereof.

(b) The person in whose name any certificate for shares of Common Stock is issued upon exercise of this Warrant shall for all purposes be deemed to have become the holder of record of such shares on the date on which the Warrant was surrendered and payment of the Warrant Price was received by the Company, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is on a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

1.4 Fractional Shares. This Warrant may not be exercised for fractional shares; and no fractional share of any class or series of the Company's capital stock shall be issued upon exercise of the Warrant.

2. Compliance with Securities Laws.

2.1 Own Account. The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the shares of Common Stock or other securities to which Holder is entitled pursuant to *Section 3* hereof (such shares or securities, the "**Warrant Stock**") to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell, or otherwise dispose of this Warrant or any shares of Warrant Stock to be issued upon exercise hereof or conversion thereof except under circumstances that will not result in a violation of the Act, or any state securities laws. Upon exercise of this Warrant, the Holder shall, if reasonably requested by the Company, confirm in writing, in a form reasonably satisfactory to the Company, that the shares of Warrant Stock (and any common stock to be issued upon conversion thereof) so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale.

2.2 Accredited Investor. Holder further acknowledges that it is familiar with the definition of "accredited investor" in Rule 501 of Regulation D promulgated under the Act and certifies that Holder is an accredited investor as defined in such rule.

2.3 Unregistered Securities. Holder understands that neither this Warrant nor the Warrant Stock have been registered under the Act, and therefore they may not be sold, assigned or transferred unless (i) a registration statement under the Act is in effect with respect thereto or (ii) an exemption from registration is found to be available to the satisfaction of the Company. If (but without any obligation to do so) the Company proposes to register any of its Common Stock under the Act, in connection with the public offering of such securities solely for cash, other than a registration on Form S-4 or a registration related to the Company's benefit or option plans, the Company shall at such time give Holder 10 days written notice of such registration and upon the written request of the Holder given within the 10 days of the giving of such notice, the Company shall cause to be registered all of the shares underlying this Warrant that Holder has requested to be registered. These registration rights shall terminate at such time the shares underlying this Warrant can be sold pursuant to Rule 144 under the Act.

2.4 Legends. Holder further acknowledges and agrees that the stock certificates evidencing the Warrant Stock shall bear a restrictive legend, substantially in the following form (in addition to such other restrictive legends as are required or deemed advisable under the provisions of this Warrant, any applicable law or regulation or any other agreement to which Holder is a party):

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS (I) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS COVERING ANY SUCH TRANSACTION INVOLVING SAID SECURITIES, (II) THE COMPANY RECEIVES AN OPINION OF LEGAL COUNSEL FOR THE HOLDER OF THESE SECURITIES SATISFACTORY TO THE COMPANY STATING THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION, OR (III) THE COMPANY OTHERWISE SATISFIES ITSELF THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION."

3. Adjustments.

3.1 Subdivision or Combination of Shares. In case the Company shall at any time subdivide its outstanding Common Stock into a greater number of shares, the Warrant Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of shares obtainable upon exercise of this Warrant shall be proportionately increased. Conversely, in case the outstanding Common Stock of the Company shall be combined into a smaller number of shares, the Warrant Price

in effect immediately prior to such combination shall be proportionately increased and the number of shares obtainable upon exercise of this Warrant shall be proportionately decreased.

3.2 Dividends in Common Stock, Other Stock or Property. If at any time or from time to time the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefor:

(a) Common Stock, options or any shares or other securities which are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution;

(b) any cash paid or payable other than as a regular cash dividend; or

(c) Common Stock or additional shares or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of *Section 3.1* above) and additional shares, other securities or property issued in connection with a Change (as defined below) (which shall be covered by the terms of *Section 3.3* below), then and in each such case, the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to in clause (b) above and this clause (c)) which such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property.

3.3 Reorganization, Reclassification, Consolidation, Merger or Sale. If any recapitalization, reclassification or reorganization of the share capital of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its shares and/or assets or other transaction (including, without limitation, a sale of substantially all of its assets followed by a liquidation) shall be effected in such a way that holders of Common Stock shall be entitled to receive shares, securities or other assets or property (a "**Change**"), then, as a condition of such Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares, securities or other assets or property as may be issued or payable with respect to or in exchange for the number of outstanding Common Stock which such Holder would have been entitled to receive had such Holder exercised this Warrant immediately prior to the consummation of such Change. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to give effect to the adjustments provided for in this *Section 3* including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this *Section 3.3* shall similarly apply to successive Changes.

4. Ownership and Transfer.

4.1 Ownership of This Warrant. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary until presentation of this Warrant for registration of any permitted transfers.

4.2 Rights of Stockholder. This Warrant shall not entitle its holder to any of the rights of a stockholder of the Company until the Warrant shall have been exercised and the shares of Warrant Stock purchasable upon the exercise hereof shall have been issued.

4.3 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and (a) in the case of loss, theft, or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or (b) in the case of mutilation, on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor and amount. The Holder shall reimburse the Company for all reasonable expenses incidental to replacement of this Warrant.

4.4 Warrant Not Transferable. This Warrant and the rights hereunder are not transferable and/or assignable, in whole or in part, by the Holder.

5. Miscellaneous Provisions.

5.1 Address for Notices. Any notice or other document required or permitted to be given or delivered to the Holder shall be delivered or forwarded to the Holder at 1401 Havens Drive, North Myrtle Beach, South Carolina 29582, (Facsimile No.: 843/361-0758), or to such other address or number as shall have been furnished to the Company in writing by the Holder. Any notice or other document required or permitted to be given or delivered to the Company shall be delivered or forwarded to the Company at 1515 S. Manchester Blvd., Anaheim, California 92802, Attention: CEO (Facsimile No.: 714/780-7857), with a copy to Dorsey & Whitney LLP, 38 Technology Drive, Irvine, California 92618, Attention: Ellen S. Bancroft, Esq. (Facsimile No.: 949/932-3601), or to such other address or number as shall have been furnished to Holder in writing by the Company.

5.2 Timing of Notices. All notices, requests and approvals required by this Warrant shall be in writing and shall be conclusively deemed to be given (a) when hand-delivered to the other party, (b) when received if sent by facsimile at the address and number set forth above; provided that notices given by facsimile shall not be effective, unless either (i) a duplicate copy of such facsimile notice is promptly given by depositing the same in the mail, postage prepaid and addressed to the party as set forth below or (ii) the receiving party delivers a written confirmation of receipt for such notice by any other method permitted under this paragraph; and further provided that any notice given by facsimile received after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed received on the next business day; (c) five (5) business days after deposit in the United States mail, certified, return receipt requested, postage prepaid, and addressed to the party as set forth in Section 5.1 above; or (d) the next business day after deposit with an international overnight delivery service, postage prepaid, addressed to the party as set forth below with next business day delivery guaranteed; provided that the sending party receives confirmation of delivery from the delivery service provider.

5.3 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California as applied to agreements among California residents made and to be performed entirely within the State of California, without giving effect to the conflict of law principles thereof.

5.4 Waiver, Amendments and Headings. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by both parties (either generally or in a particular instance and either retroactively or prospectively). The headings in this Warrant are for purposes of reference only and shall not affect the meaning or construction of any of the provisions hereof.

5.5 Counterparts. This Warrant may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

WARRANT TO PURCHASE COMMON STOCK

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the Issuance Date.

COMPANY:

ITERIS HOLDINGS, Inc.

By /S/ GREGORY A. MINER

Gregory A. Miner, Chief Executive Officer and Chief
Financial Officer

HOLDER:

HAYDEN COMMUNICATIONS, INC., a South Carolina Corporation

By /S/ MATTHEW M. HAYDEN

Print Name: Matthew M. Hayden

Title: President

WARRANT TO PURCHASE COMMON STOCK

SCHEDULE A

FORM OF NOTICE OF EXERCISE

[To be signed only upon exercise of the Warrant]

TO BE EXECUTED BY THE REGISTERED HOLDER
TO EXERCISE THE WARRANT

The undersigned hereby elects to purchase _____ shares of Class A Common Stock (the "**Shares**") of Odetics, Inc. (the "**Company**") under the Warrant to Purchase Common Stock dated January 21, 2004, which the undersigned is entitled to purchase pursuant to the terms of such Warrant, and [check one]:

- ☐ *Cash Exercise.* The undersigned has delivered \$ _____, the aggregate Warrant Price for _____ Shares purchased herewith, in full in cash or by certified or official bank check or wire transfer;
- ☐ *Net Exercise.* In exchange for the issuance of _____ shares, the undersigned hereby agrees to surrender the right to purchase _____ Shares pursuant to the net exercise provisions set forth in *Section 1.2(b)* of the Warrant.

Please issue a certificate or certificates representing such Shares in the name of the undersigned or in such other name as is specified below and in the denominations as is set forth below:

[Type name of Holder as it should appear on the stock certificate]

[Requested denominations—if no denomination is specified, a single certificate will be issued]

The initial address of such Holder to be entered on the books of the Company shall be:

The undersigned hereby represents and warrants that the undersigned is acquiring such shares for his own account for investment purposes only, and not for resale or with a view to distribution of such shares or any part thereof.

By: _____

Print Name: _____

Title: _____

Dated: _____

WARRANT TO PURCHASE COMMON STOCK

THIS WARRANT AND THE SECURITIES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT TO PURCHASE COMMON STOCK

Number of Shares:	15,000 shares
Warrant Price:	\$4.03 per share
Issuance Date:	October 25, 2004
Expiration Date:	October 24, 2007

FOR VALUE RECEIVED, Hayden Communications, Inc., a South Carolina corporation (hereinafter called the "**Holder**") is entitled to purchase from Iteris, Inc., a Delaware corporation (the "**Company**") the above referenced number of shares of the Company's Common Stock (the "**Common Stock**"), at the Warrant Price referenced above, all subject to adjustment from time to time as described herein. The exercise of this Warrant shall be subject to the provisions, limitations and restrictions contained herein.

1. **Term and Exercise.**

1.1 Term. This Warrant is exercisable in whole or in part (but not as to any fractional share of Common Stock), from time to time, at any time on or after April 25, 2005 and prior to 5:00 p.m. on the Expiration Date set forth above.

1.2 **Procedure for Exercise of Warrant.**

(a) Holder may exercise this Warrant by delivering the following to the principal office of the Company in accordance with *Section 5.1* hereof: (i) a duly executed Notice of Exercise in substantially the form attached as *Schedule A*, (ii) payment of the Warrant Price then in effect for each of the shares being purchased, as designated in the Notice of Exercise, and (iii) this Warrant. Payment of the Warrant Price may be in cash, certified or official bank check payable to the order of the Company, or wire transfer of funds to the Company's account (or any combination of any of the foregoing) in the amount of the Warrant Price for each share being purchased.

(b) Notwithstanding any provisions herein to the contrary, if the Fair Market Value (as defined below) is greater than the Warrant Price as of the day of exercise, the Holder may elect to receive, without the payment by the Holder of any additional consideration, shares of Common Stock equal to the value of the "spread" on the shares (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company in accordance with *Section 5.1*, together with the Notice

of Exercise, in which event the Company shall issue to the Holder hereof a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y \times (FMV - WP)}{FMV}$$

Where: X = the number of shares of Common Stock to be issued to the Holder pursuant to this net exercise

Y = the number of shares of Common Stock purchasable under the Warrant or, if only a portion of the Warrant is being exercised, that portion of the Warrant requested to be exercised

FMV = the Fair Market Value (as of the date of such calculation) of one share of Common Stock

WP = the Warrant Price (as adjusted as of the date of such calculation)

For purposes of this Warrant, the "**Fair Market Value**" of one share of the Company's Common Stock as of a particular date shall be determined as follows: (i) if traded on a national securities exchange or through the Nasdaq Stock Market, the Fair Market Value shall be deemed to be the volume weighted average trading price of the Common Stock on such exchange for the five trading days immediately prior to the date of exercise indicated in the Notice of Exercise (or if no reported sales took place on such day, the last date on which any such sales took place prior to the date of exercise); (ii) if traded over-the-counter only and not on the Nasdaq Stock Market, the Fair Market Value shall be deemed to be the average of the closing bid and asked prices as of five trading days immediately prior to the date of exercise indicated in the Notice of Exercise (or if no reported sales took place on such day, the last date on which any such sales took place prior to the date of exercise); and (iii) if there is no active public market, the Fair Market Value shall be the fair market value of the Common Stock as of the date of exercise, as determined in good faith by the Board of Directors of the Company; provided that any such five trading day period referenced above shall be extended by the number of trading days during such period on which trading in the Company's Common Stock is suspended, by, or not traded on the securities exchange, Nasdaq Stock Market or over-the-counter market on which the Common Stock is then listed or traded.

1.3 Effective Date of Exercise; Delivery of Certificate.

(a) In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the shares of Common Stock so purchased, registered in the name of the Holder or such other name or names as may be designated by the Holder, together with any other securities or other property which the Holder is entitled to receive upon exercise of this Warrant, shall be delivered to the Holder hereof, at the Company's expense, within a reasonable time after the rights represented by this Warrant shall have been so exercised; and, unless this Warrant has expired or have been exercised in full, a new Warrant representing the number of shares (except a remaining fractional share), if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder hereof.

(b) The person in whose name any certificate for shares of Common Stock is issued upon exercise of this Warrant shall for all purposes be deemed to have become the holder of record of such shares on the date on which the Warrant was surrendered and payment of the Warrant Price was received by the Company, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is on a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

1.4 Fractional Shares. This Warrant may not be exercised for fractional shares; and no fractional share of any class or series of the Company's capital stock shall be issued upon exercise of the Warrant.

2. Compliance with Securities Laws.

2.1 Own Account. The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the shares of Common Stock or other securities to which Holder is entitled pursuant to *Section 3* hereof (such shares or securities, the "**Warrant Stock**") to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell, or otherwise dispose of this Warrant or any shares of Warrant Stock to be issued upon exercise hereof or conversion thereof except under circumstances that will not result in a violation of the Act, or any state securities laws. Upon exercise of this Warrant, the Holder shall, if reasonably requested by the Company, confirm in writing, in a form reasonably satisfactory to the Company, that the shares of Warrant Stock (and any common stock to be issued upon conversion thereof) so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale.

2.2 Accredited Investor. Holder further acknowledges that it is familiar with the definition of "accredited investor" in Rule 501 of Regulation D promulgated under the Act and certifies that Holder is an accredited investor as defined in such rule.

2.3 Unregistered Securities. Holder understands that neither this Warrant nor the Warrant Stock have been registered under the Act, and therefore they may not be sold, assigned or transferred unless (i) a registration statement under the Act is in effect with respect thereto or (ii) an exemption from registration is found to be available to the satisfaction of the Company. If (but without any obligation to do so) the Company proposes to register any of its Common Stock under the Act, in connection with the public offering of such securities solely for cash, other than a registration on Form S-4 or a registration related to the Company's benefit or option plans, the Company shall at such time give Holder 10 days written notice of such registration and upon the written request of the Holder given within the 10 days of the giving of such notice, the Company shall cause to be registered all of the shares underlying this Warrant that Holder has requested to be registered. These registration rights shall terminate at such time the shares underlying this Warrant can be sold pursuant to Rule 144 under the Act.

2.4 Legends. Holder further acknowledges and agrees that the stock certificates evidencing the Warrant Stock shall bear a restrictive legend, substantially in the following form (in addition to such other restrictive legends as are required or deemed advisable under the provisions of this Warrant, any applicable law or regulation or any other agreement to which Holder is a party):

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS (I) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS COVERING ANY SUCH TRANSACTION INVOLVING SAID SECURITIES, (II) THE COMPANY RECEIVES AN OPINION OF LEGAL COUNSEL FOR THE HOLDER OF THESE SECURITIES SATISFACTORY TO THE COMPANY STATING THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION, OR (III) THE COMPANY OTHERWISE SATISFIES ITSELF THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION."

3. Adjustments.

3.1 Subdivision or Combination of Shares. In case the Company shall at any time subdivide its outstanding Common Stock into a greater number of shares, the Warrant Price in effect immediately

prior to such subdivision shall be proportionately reduced and the number of shares obtainable upon exercise of this Warrant shall be proportionately increased. Conversely, in case the outstanding Common Stock of the Company shall be combined into a smaller number of shares, the Warrant Price in effect immediately prior to such combination shall be proportionately increased and the number of shares obtainable upon exercise of this Warrant shall be proportionately decreased.

3.2 Dividends in Common Stock, Other Stock or Property. If at any time or from time to time the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefor:

(a) Common Stock, options or any shares or other securities which are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution;

(b) any cash paid or payable other than as a regular cash dividend; or

(c) Common Stock or additional shares or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of *Section 3.1* above) and additional shares, other securities or property issued in connection with a Change (as defined below) (which shall be covered by the terms of *Section 3.3* below), then and in each such case, the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to in clause (b) above and this clause (c)) which such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property.

3.3 Reorganization, Reclassification, Consolidation, Merger or Sale. If any recapitalization, reclassification or reorganization of the share capital of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its shares and/or assets or other transaction (including, without limitation, a sale of substantially all of its assets followed by a liquidation) shall be effected in such a way that holders of Common Stock shall be entitled to receive shares, securities or other assets or property (a "**Change**"), then, as a condition of such Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares, securities or other assets or property as may be issued or payable with respect to or in exchange for the number of outstanding Common Stock which such Holder would have been entitled to receive had such Holder exercised this Warrant immediately prior to the consummation of such Change. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to give effect to the adjustments provided for in this *Section 3* including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this *Section 3.3* shall similarly apply to successive Changes.

4. Ownership and Transfer.

4.1 Ownership of This Warrant. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary until presentation of this Warrant for registration of any permitted transfers.

4.2 Rights of Stockholder. This Warrant shall not entitle its holder to any of the rights of a stockholder of the Company until the Warrant shall have been exercised and the shares of Warrant Stock purchasable upon the exercise hereof shall have been issued.

4.3 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and (a) in the case of loss, theft, or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or (b) in the case of mutilation, on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor and amount. The Holder shall reimburse the Company for all reasonable expenses incidental to replacement of this Warrant.

4.4 Warrant Not Transferable. This Warrant and the rights hereunder are not transferable and/or assignable, in whole or in part, by the Holder.

5. Miscellaneous Provisions.

5.1 Address for Notices. Any notice or other document required or permitted to be given or delivered to the Holder shall be delivered or forwarded to the Holder at 1401 Havens Drive, North Myrtle Beach, South Carolina 29582, (Facsimile No.: 843/361-0758), or to such other address or number as shall have been furnished to the Company in writing by the Holder. Any notice or other document required or permitted to be given or delivered to the Company shall be delivered or forwarded to the Company at 1515 S. Manchester Blvd., Anaheim, California 92802, Attention: CEO (Facsimile No.: 714/780-7857), with a copy to Dorsey & Whitney LLP, 38 Technology Drive, Irvine, California 92618, Attention: Ellen S. Bancroft, Esq. (Facsimile No.: 949/932-3601), or to such other address or number as shall have been furnished to Holder in writing by the Company.

5.2 Timing of Notices. All notices, requests and approvals required by this Warrant shall be in writing and shall be conclusively deemed to be given (a) when hand-delivered to the other party, (b) when received if sent by facsimile at the address and number set forth above; provided that notices given by facsimile shall not be effective, unless either (i) a duplicate copy of such facsimile notice is promptly given by depositing the same in the mail, postage prepaid and addressed to the party as set forth below or (ii) the receiving party delivers a written confirmation of receipt for such notice by any other method permitted under this paragraph; and further provided that any notice given by facsimile received after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed received on the next business day; (c) five (5) business days after deposit in the United States mail, certified, return receipt requested, postage prepaid, and addressed to the party as set forth in Section 5.1 above; or (d) the next business day after deposit with an international overnight delivery service, postage prepaid, addressed to the party as set forth below with next business day delivery guaranteed; provided that the sending party receives confirmation of delivery from the delivery service provider.

5.3 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California as applied to agreements among California residents made and to be performed entirely within the State of California, without giving effect to the conflict of law principles thereof.

5.4 Waiver, Amendments and Headings. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by both parties (either generally or in a particular instance and either retroactively or prospectively). The headings in this Warrant are for purposes of reference only and shall not affect the meaning or construction of any of the provisions hereof.

5.5 Counterparts. This Warrant may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

WARRANT TO PURCHASE COMMON STOCK

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the Issuance Date.

COMPANY:

ITERIS, INC.

By /S/ JACK JOHNSON

Jack Johnson, President and Chief Executive Officer

HOLDER:

HAYDEN COMMUNICATIONS, INC., a South Carolina corporation

By /S/ MATTHEW HAYDEN

Print Name: Matthew Hayden

Title: President

QuickLinks

[EXHIBIT 4.11](#)

[SCHEDULE A FORM OF NOTICE OF EXERCISE \[To be signed only upon exercise of the Warrant\] TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THE WARRANT](#)

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THE SALE, TRANSFER, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED HEREBY OR ANY PORTION THEREOF OR INTEREST THEREIN MAY NOT BE ACCOMPLISHED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND UNDER CALIFORNIA LAW, OR AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.

October 18, 2001

WARRANT

**To Subscribe for and Purchase Common Stock of
Iteris, Inc.**

VOID AFTER OCTOBER 18, 2006

THIS CERTIFIES that, for valuable consideration received, _____ or (assignee), is entitled to subscribe for and purchase from Iteris, Inc., a Delaware corporation (hereinafter called the "Company"), at the price of \$2.80699 per share (such price, as from time to time to be adjusted as hereinafter provided, being hereinafter called the "Warrant Price"), at any time and from time to time but not earlier than the Issue Date (as defined below) or later than the Expiration Date (as defined below), up to 17,917 fully paid, non-assessable shares of Common Stock, \$.001 par value, of the Company ("Common Stock"), subject, however, to the provisions and upon the terms and conditions hereinafter set forth, including without limitation the provisions of Section 3 hereof. "Issue Date" shall mean October 18, 2001. "Expiration Date" shall mean October 18, 2006.

Section 1. Exercise of Warrant

(a) Payment of Warrant Price

This Warrant may be exercised, at any time and from time to time but not earlier than the Issue Date or later than the Expiration Date, by the holder hereof (hereinafter referred to as the "Warrantholder"), in whole or in part (but not as to a fractional share of Common Stock), by the completion of the Notice of Exercise attached hereto and by the surrender of this Warrant (properly endorsed) at the Company's offices at 1515 South Manchester Ave., Anaheim, CA 92802 (or at such other location in the United States as the Company may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company), and by payment to the Company of the Warrant Price, in cash or by certified or official bank check, for each share being purchased. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the shares of Common Stock so purchased, registered in the name of the Warrantholder, shall be delivered to the Warrantholder within a reasonable time, not exceeding five business days, after the rights represented by this Warrant shall have been so exercised; and, unless this Warrant has expired or has been exercised in full, a new Warrant representing the number of shares with respect to which this Warrant shall not then have been exercised shall also be issued to the Warrantholder within such time. With respect to any such exercise, the Warrantholder shall for all purposes be deemed to have become the holder of record of the number of shares of Common Stock evidenced by such certificate or certificates from the date on which this Warrant was surrendered and payment of the Warrant Price was made irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date on which the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open. No fractional

shares shall be issued upon exercise of this Warrant and no payment or adjustment shall be made upon any exercise on account of any cash dividends on the Common Stock issued upon such exercise. If any fractional interest in a share of Common Stock would, except for the provisions of this Section 1, be delivered upon any such exercise, the Company, in lieu of delivering the fractional share thereof, shall pay to the Warrantholder an amount in cash equal to the current market price of such fractional interest as determined in good faith by the Board of Directors of the Company.

(b) Net Exercise Election

The Warrantholder may elect to receive, without the payment by the Warrantholder of any additional consideration, shares equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, with the Notice of Exercise attached hereto duly executed, at the office of the Company. Thereupon, the Company shall issue to the Warrantholder such number of fully paid and nonassessable shares of Common Stock as is computed using the following formula:

$$X = \frac{Y (A-B)}{A}$$

where:

X = the number of shares of Common Stock to be issued to the Warrantholder pursuant to this Section 1(b) pursuant to this net exercise election.

Y = the number of shares of Common Stock purchasable under this Warrant or, if only a portion of the Warrant is being exercised, that portion of the Warrant requested to be exercised.

A = the Market Price of one share of Common Stock, as determined in accordance with the provisions of this Section 1(b).

B = the per share warrant price in effect under this warrant at the time the net exercise election is made pursuant to this Section 1(b).

"Market Price" on any day means the simple average of the closing (or last sale) prices for 5 consecutive business days before such date of the Common Stock of the Company as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or by any domestic stock exchange where the Company's Common Stock then trades. If there were no sales on NASDAQ or any such exchange on such date, "Market Price" means the simple average of the highest bid and lowest asked prices on such market systems and exchanges at the end of such day. If the Company's Common Stock is not publicly traded on NASDAQ or other domestic stock exchange at the time the Warrantholder desires to exercise such option, the "Market Price" shall be the "Market Price" as determined in good faith by the Board of Directors of the Company. In the event the parties are not able to agree on a "market price", the "market price" shall be determined by a single qualified appraiser (which shall be either a national accounting firm or a national or regional investment bank) selected by mutual agreement between Company and the warrantholder. The parties will share any appraisal cost on an equal basis.

Section 2. Adjustment of Number of Shares

Upon each adjustment of the Warrant Price for any stock dividend or distribution or any subdivision or combination of the outstanding shares of the Common Stock as provided in Section 3, the Warrantholder shall thereafter be entitled to Purchase, at the Warrant Price resulting from such adjustment, the number of shares (calculated to the nearest share) obtained by multiplying the Warrant Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the Warrant Price resulting from such adjustment.

Section 3. Adjustment of Warrant Price Upon Issuance of Common Stock

(a) Stock Dividends

In case the Company shall declare a dividend or make any other distribution upon any stock of the Company payable in Common Stock, options to purchase Common Stock or securities convertible into Common Stock of the Company ("Options") or securities convertible into or exchangeable for Common Stock ("Convertible Securities"), then (i) any Common Stock shall be deemed to have been issued in a subdivision of outstanding shares as provided in Section 3(b) below and (ii) any Options, Convertible Securities or other securities, as the case may be, issuable in payment of such dividend or distribution shall be deemed to have been issued (together with the shares of Common Stock with respect to which they were distributed) in an issuance of Additional Stock (as defined below) as provided in Section 3(d) below.

(b) Subdivision or Combination of Stock

If the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the Warrant Price in effect immediately prior to such subdivision shall be proportionately reduced. Conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the Warrant Price in effect immediately prior to such combination shall be proportionately increased.

(c) Recapitalization, Reorganization, Reclassification, Consolidation, Merger or Sale

If any recapitalization, reorganization or reclassification of the capital stock of the Company or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all its assets to another corporation shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock (any of which shall be deemed to be a "Change"), then, as a condition of such Change, lawful and adequate provisions shall be made whereby each Warrantholder shall thereafter have the right to receive upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock of the Company immediately theretofore receivable upon the exercise of such Warrant or Warrants, such shares of stock, securities or assets (including cash) as may be issued or payable with respect to or in exchange for the number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore so receivable had such Change not taken place. In any such case appropriate provision shall be made with respect to the rights and interests of such Warrantholder to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Warrant Price) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise of such exercise rights. In the event of a merger or consolidation of the Company as a result of which a greater or lesser number of shares of common stock of the surviving corporation are issuable to holders of Common Stock of the Company outstanding immediately prior to such consolidation, the Warrant Price in effect immediately prior to such merger or consolidation shall be adjusted in the same manner as though there were a subdivision or combination of the outstanding shares of Common Stock of the Company. The Company will not effect any Change unless prior to the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume, by written instrument executed and mailed or delivered to each Warrantholder at the last address of such Warrantholder appearing on the books of the Company, the obligation to deliver to such Warrantholder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Warrantholder may be entitled to receive.

(d) Issuance of Additional Stock

(1) If and whenever the Company shall issue any Additional Stock (as defined below) without consideration or for a consideration per share less than the Warrant price in effect immediately

prior to such issue, then the Warrant Price in effect immediately prior to the issue of such Additional Stock shall immediately be adjusted to a price (computed to the nearest cent) equal to the quotient obtained by *dividing*:

(x) an amount equal to the sum of (i) the number of shares of Common Stock outstanding immediately prior to the issuance of Additional Stock (increased or decreased to the extent that the number of such shares of Common Stock and Additional Stock, respectively, shall have been increased or decreased by each subdivision or combination thereof); multiplied by the Warrant Price then in effect, and (ii) the aggregate consideration received by the Company (before deducting any underwriting discounts or commissions) for all Additional Stock issued, by

(y) an amount equal to the sum of (i) the number of the shares of Common Stock outstanding immediately prior to the issuance of Additional Stock and (ii) the number of shares of Additional Stock issued (increased or decreased to the extent that the number of such shares of Common Stock and Additional Stock, respectively, shall have been increased or decreased by each subdivision or combination thereof);

provided, however, that such adjustment shall be made only if the aforesaid quotient shall be less than the Warrant Price in effect immediately prior to the issue of such Additional Stock; provided further, that no adjustment shall be made to the Warrant Price to the extent that any such adjustment would require any waiver or consent by the holders of any shares of Series A Preferred Stock or Ford Motor Company, or their respective transferees or successors in interest. No adjustment of the Warrant Price, however, shall be made in an amount less than three cents (\$.03) per share, but any lesser adjustment shall be carried forward and shall be made at the time and together with the next subsequent adjustment which, together with any adjustments so carried forward, shall amount to three cents \$.03 (as theretofore decreased or increased by any previous subdivision or combination). For purposes of this Section 3(d), the number of shares of Common Stock shall be calculated as if all shares of all series of Preferred Stock then outstanding had been fully converted into shares of Common Stock and any outstanding options, warrants or other rights for the purchase of Common Stock had been exercised.

"Additional Stock" shall mean any Common Stock issued by the Company after the date of this Warrant, other than:

- (a) Common Stock issued by the Company pursuant to options or warrants outstanding on the date hereof;
- (b) Common Stock or options to purchase Common Stock issued after the date hereof by the Company to employees, officers or directors, or consultants or advisors to the Company or any subsidiary pursuant to the Company's current or future stock purchase or stock option plans;
- (c) Common Stock issued by the Company in connection with any stock dividend or distribution described in Section 3(a) above;
- (d) Common Stock issued by the Company upon any subdivision or combination of the outstanding shares of Common Stock described in Section 3(b) above;
- (e) Common Stock issued by the Company upon conversion of shares of the Company's Series A Preferred Stock issued and outstanding as of October 18, 2001;
- (f) Common Stock issued in connection with, or issuable pursuant to options or warrants issued in connection with, any equipment leasing or loan arrangement, or debt financing from a bank or similar financial or lending institution approved by the Board of Directors;

(g) Common Stock issued in connection with, or issuable pursuant to options or warrants issued in connection with, strategic transactions or acquisitions involving the Company and other entities, provided that such strategic transactions or acquisitions are approved by the Board of Directors; and

(h) Common Stock issued by the Company in connection with its initial public offering.

(2) For the purposes of subsection (d)(1) above, the following paragraphs (x), (y) and (z) shall also be applicable:

(x) In case at any time the Company shall grant any rights to subscribe for or any rights or options to purchase Common Stock or any Convertible Securities, other than with respect to the securities excluded from the definition of Additional Stock as referenced above, whether or not such rights or options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities (determined by dividing (A) the total amount, if any, received or receivable by the Company as consideration for the granting of such rights or options, plus the minimum aggregate amount of additional consideration payable to the Company upon the exercise of such rights or options, plus, in the case of any such rights or options which relate to such Convertible Securities, the minimum aggregate amount of additional consideration payable to the Company upon the exercise of such rights or options plus, in the case of any such rights or options which relate to such Convertible Securities, the minimum aggregate amount of additional consideration payable to the Company upon the exercise of such rights or options, plus, in the case of any such rights or options which relate to such Convertible Securities, the minimum aggregate amount of additional consideration payable to the Company upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such rights or options) shall be less than the Warrant Price in effect immediately prior to the time of the granting of such rights or options, then the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such rights or options shall (as of the date of granting of such rights or options) be deemed to be outstanding and to have been issued for such price per share. Except as provided in subsection (d)(3), no further adjustments of the Warrant Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such rights or options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

(y) In case at any time the Company shall issue or sell any Convertible Securities, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (determined by dividing (A) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Warrant Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall (as of the date of the issue or sale of such Convertible Securities) be deemed to be outstanding and to have been issued for such price per share, provided that (i) except as provided in subsection (d)(3), no further adjustments of the Warrant Price shall be made upon the actual issue of such Common Stock upon conversion or

exchange of such Convertible Securities, and (ii) if any such issue or sale of such Convertible Securities is made upon exercise of any rights to subscribe for or to purchase or any option to purchase any such Convertible Securities for which adjustments of the Warrant Price have been or are to be made pursuant to other provisions of this subsection (d)(2), no further adjustment of the Warrant Price shall be made by reason of such issue or sale.

(z) In case at any time any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions or discounts paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined by the Board of Directors, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions or discounts paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued in connection with any merger of another corporation into the Company, the amount of consideration therefor shall be deemed to be fair value of the assets of such merged corporation as determined by the Board of Directors after deducting therefrom all cash and other consideration (if any) paid by the Company in connection with such merger.

(3) If the purchase price provided for in any right or option referred to in paragraph (x) of subsection (d)(2) of this Section, or the rate at which any Convertible Securities referred to in paragraphs (x) or (y) or said subsection (d)(2) are convertible into or exchangeable for Common Stock, shall change or a different purchase price or rate shall become effective at any time or from time to time (other than under or by reason of provisions designed to protect against dilution), then, upon such change becoming effective, the Warrant Price then in effect hereunder shall forthwith be increased or decreased to such Warrant Price as would have obtained had the adjustments made upon the granting or issuance of such rights or options or Convertible Securities been made upon the basis of (x) the issuance of the number of shares of Common Stock theretofore actually delivered upon the exercise of such options or rights or upon the conversion or exchange of such Convertible Securities, and the total consideration received therefor, and (y) the granting or issuance at the time of such change of any such options, rights, or Convertible Securities then still outstanding for the consideration, if any, received by the Company therefor and to be received on the basis of such changed price. On the expiration of any right or option referred to in paragraph (x) of subsection (d)(2), or on the termination of any right to convert or exchange any convertible Securities referred to in paragraphs (x) or (y) of said subsection (d)(2), the Warrant Price shall forthwith be readjusted to such amount as would have obtained had the adjustment made upon the granting or issuance of such rights or options or Convertible Securities been made upon the basis of the issuance or sale of only the number of shares of Common Stock actually issued upon the exercise of such options or rights or upon the conversion or exchange of such Convertible Securities. If the purchase price provided for in any such right or option, or the rate at which any such Convertible Securities are convertible into or exchangeable for Common Stock, shall change at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of Common Stock upon the exercise of any such right or option or upon conversion or exchange of any such Convertible Security, the Warrant Price then in effect hereunder shall forthwith be decreased to such Warrant Price as would have been obtained had the adjustments made upon the issuance of such right or option or Convertible

Security been made upon the basis of the issuance of (and the total consideration received for) the shares of Common Stock delivered as aforesaid.

(e) Notice of Adjustment

Upon any adjustment of the Warrant Price, then and in each such case the Company shall give written notice thereof, by first-class mail, postage prepaid, addressed to each Warrantholder at the address of such Warrantholder as shown on the books of the Company, which notice shall state the Warrant Price resulting from such adjustment, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(f) Stock to Be Reserved

The Company will at all times reserve and keep available out of its authorized Common Stock or its treasury shares, solely for the purpose of issuance upon the exercise of this Warrant as herein provided, such number of shares of Common Stock as shall then be issuable upon the exercise of this Warrant. The Company covenants that all shares of Common stock which shall be so issued shall be duly and validly issued and fully paid and non-assessable and free from all taxes, liens and charges with respect to the issue thereof, and, without limiting the generality of the foregoing, the Company covenants that it will from time to time take all such action as may be required to ensure that the par value per share of the Common Stock is at all times equal to or less than the effective Warrant Price. The Company will take all such action as may be necessary to ensure that all such shares of Common Stock may be so issued without violation of any applicable law or regulation, or of any requirements of any national securities exchange or automated quotation system upon which the Common Stock of the Company may be listed. The Company will not take any action which results in any adjustment of the Warrant Price if the total number of shares of Common Stock issued and issuable after such action upon exercise of the Warrant would exceed the total number of shares of Common Stock then authorized by the Company's Amended and Restated Certificate of Incorporation. The Company has not granted and will not grant any right of first refusal with respect to shares issuable upon exercise of this Warrant, and there are no preemptive rights associated with such shares. The Company agrees that so long as any Warrants remain unexercised, it will not grant warrants to purchase its Common Stock to any party that (i) give such party demand registration rights which are exercisable in less than one year from the date of the grant of such warrants, (ii) give such party demand registration rights that are senior to those registration rights granted to the Warrants hereunder or (iii) otherwise impair the registration or other rights granted to the Warrants hereunder, in each case without notification to and consent of the Warrantholder which consent shall not be unreasonable withheld.

(g) Issue Tax

The issuance of certificates for shares of Common Stock upon exercise of any Warrant shall be made without a charge to the Warrantholder for any issuance tax in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the Warrantholder.

(h) Closing of Books

The Company will at no time close its transfer books against the transfer of the shares of Common Stock issued or issuable upon the exercise of this Warrant in any manner which interferes with the timely exercise of this Warrant.

Section 4. Piggyback Registration Rights

The Company shall notify the Warrantholder in writing at least fifteen (15) days prior to the filing of any registration statement under the Securities Act of 1933, as amended (the "Securities Act") for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration

statements relating to the Company's initial registered public offering of securities, employee benefit plans or with respect to corporate reorganizations or other transactions under Rule 145 of the Securities Act) and, subject to the restrictions set forth below, will afford the Warrantholder an opportunity to include in such registration statement all or part of the shares of Common Stock issuable upon exercise of this Warrant. If the Warrantholder desires to include in any such registration statement all or any part of the Warrant Shares, it shall, within fifteen (15) days after the above-described notice from the Company, so notify the company in writing. Such notice shall state the intended method of disposition of the such shares of Common Stock by the Warrantholder. If the Warrantholder decides not to include all of the shares of Common Stock issuable upon exercise of this Warrant in any registration statement thereafter filed by the Company, the Warrantholder shall nevertheless continue to have the right to include any such shares of Common Stock in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. The rights granted in this Section 4 are expressly subordinate and junior to any other registration rights granted by the Company, including, but not limited to the registration rights granted to DaimlerChrysler Venture GmbH and Hockenheim Investment Pte. Ltd. pursuant to that certain Investor Rights Agreement dated as of July 31, 2001 by and among the Company and such parties.

Section 5. Notices of Records Dates

In the event of:

- (1) any taking by the Company of a record date of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution (other than cash dividends out of earned surplus), or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any right to sell shares of stock of any class or any other right, or
- (2) any Change (as defined above); or
- (3) any voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then and in each such event the Company will give notice to the Warrantholder specifying (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and stating the amount and character of such dividend, distribution or right, and (ii) the date on which any such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding-up is to take place, and the time, if any is to be fixed, as of which the Warranholders of record of Common Stock will be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reorganization, reclassification, recapitalization, transfer, consolidation, merger, dissolution, liquidation or winding-up. Such notice shall be given at least 10 days and not more than 90 days prior to the date therein specified, and such notice shall state that the action in question or the record date is subject to the effectiveness of a registration statement under the Securities Act or to a favorable vote of stockholders, if either is required.

Section 6. No Shareholder Rights or Liabilities

This Warrant shall not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company. No provision hereof, in the absence of affirmative action by the Warrantholder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of the Warrantholder shall give rise to any liability of such Warrantholder for the Warrant Price or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

Section 7. Lost, Stolen, Mutilated or Destroyed Warrant

If this Warrant is lost, stolen, mutilated or destroyed, the Company may, on such terms, including indemnification, as it may in its discretion reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

Section 8. Notices

All notices, requests and other communications required or permitted to be given or delivered hereunder shall be in writing, and shall be delivered, or shall be sent by certified or registered mail, postage prepaid and addressed, if to the Warrantholder to such Warrantholder at the address shown on such Warrantholder's Warrant or at such other address as shall have been furnished to the Company by notice from such Warrantholder. All notices, requests and other communications required or permitted to be given or delivered hereunder shall be in writing, and shall be delivered, or shall be sent by certified or registered mail, postage prepaid and addressed to the Company at the Company's Address set forth below, Attention: Secretary or at such other address as shall have been furnished to the Warrantholder by notice from the Company. For purposes of this warrant:

The Address of the Warrantholder:

The Address of the Company:

1515 South Manchester Ave.
Anaheim, CA 92802

Section 9. Transfer

This Warrant may be transferred, exercised or assigned ("transferred"), in whole or in part, provided that the transferee is a subsidiary, affiliate, parent, general partner, limited partner or member of the Warrantholder or, in the case of an individual, a member of the immediate family of such individual or a trust for the benefit of the individual or any such family member or members, subject to the following restrictions, provided, however, that such transferee must be an accredited investor as defined in Regulation D promulgated under the Securities Act. This Warrant and the shares of Common Stock issuable upon exercise of this Warrant shall be subject to restrictions on transferability unless registered under the Securities Act, or unless an exemption from registration is available. Until this Warrant and the shares of Common Stock issuable upon exercise of this Warrant are so registered, this Warrant and any certificate for such shares of Common Stock issued or issuable upon exercise of this Warrant shall contain a legend, in form and substance satisfactory to counsel for the Company, stating that this Warrant and the shares of Common Stock issuable upon exercise of this Warrant may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel satisfactory to the Company, which may be counsel to the Company, that the Warrant and the shares of Common Stock issuable upon exercise of the Warrant may be transferred without such registration. This Warrant and the shares of Common Stock issuable upon exercise of this Warrant may also be subject to restrictions on transferability under applicable state securities or blue sky laws.

Until this Warrant or the shares of Common Stock issuable upon exercise of this Warrant are registered under the Securities Act, the Company may require, as a condition of transfer hereof or thereof that the transferee (who may be the Warrantholder in the case of an exercise or exchange) represent that the securities being transferred are being acquired for investment purposes and for the

transferee's own account and not with a view to or for sale in connection with any distribution of the security. The Company may also require that transferee provide written information adequate to establish that the transferee is an "accredited investor" within the meaning of Regulation D issued under the Securities Act, or otherwise meets all qualifications necessary to comply with exemptions to the Securities Act and any applicable securities or blue sky laws, all as determined by counsel to the Company.

Any transfer permitted hereunder shall be made by surrender of this Warrant to the Company at its principal office or to its transfer agent at its offices with a duly executed request to transfer the Warrant, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, the Company or its transfer agent shall, without charge, execute and deliver a new Warrant in the name of the transferee named in such transfer request, and this Warrant promptly shall be cancelled.

Section 10. Market Stand-Off Agreement.

Warrantholder shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to, any shares of Common Stock issuable upon exercise of this Warrant during a period (the "Stand-Off Period") equal to 180 days following the effective date of a registration statement of the Company filed under the Securities Act (or such shorter period as the Company or managing underwriter may authorize); provided that all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities enter into similar agreements. In order to enforce the foregoing covenant, the Company may impose stock transfer restrictions with respect to such shares of Common Stock until the end of the Stand-Off Period.

Section 11. Amendments and Waivers

This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

Section 12. Severability

If one or more provisions of this Warrant are held to be unenforceable under applicable law, such provision shall be excluded from this Warrant, and the balance of this Warrant shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

Section 13. Governing Law

This Warrant shall be governed by and construed under the laws of the State of California, without any effect to conflict of law principles.

Section 14. Headings

The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect any of the terms hereof.

Section 15. Binding Effect on Successors

This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets and/or securities. All of the covenants and agreements of parties hereto shall inure to the benefit of the successors and assigns of the Company and the Warrantholder hereof.

IN WITNESS WHEREOF, Iteris, Inc. has executed this Warrant on and as of the day and year first above written.

Iteris, Inc.

By: /s/ JACK JOHNSON

Jack Johnson
Chief Executive Officer

Acknowledged and Accepted:

SCHEDULE A

FORM OF NOTICE OF EXERCISE

[To be signed only upon exercise of the Warrant]

**TO BE EXECUTED BY THE REGISTERED WARRANTHOLDER
TO EXERCISE THE WITHIN WARRANT**

The undersigned hereby elects to purchase _____ shares of Common Stock (the "Shares") of Iteris, Inc. (the "Company") under the Warrant dated October 18, 2001, which the undersigned is entitled to purchase pursuant to the terms of such Warrant, and [check one]:

☐ *Cash Exercise.* The undersigned has delivered \$_____, the aggregate Warrant Price for _____ Shares purchased herewith, in full in cash or by certified or official bank check or wire transfer;

☐ *Net Exercise.* In exchange for the issuance of _____ Shares, the undersigned hereby agrees to surrender the right to purchase _____ shares of Common Stock pursuant to the net exercise provisions set forth in Section 1(b) of the Warrant.

Please issue a certificate or certificates representing such shares of Common Stock in the name of the undersigned or in such other name as is specified below and in the denominations as is set forth below:

[Type Name of Warrantholder as it should appear on the stock certificate]

[Requested Denominations—if no denomination is specified, a single certificate will be issued]

The initial address of such Warrantholder to be entered on the books of the Company shall be:

The undersigned hereby represents and warrants that the undersigned is an accredited investor as defined in Rule 501 promulgated under the Securities Act of 1933, as amended. The undersigned further represents and warrants that the undersigned is acquiring such shares for his own account for investment purposes only, and not for resale or with a view to distribution of such shares or any part thereof.

By:

Print Name:

Title:

Dated:

**Schedule to Form of Warrant
Issued by the Iteris Subsidiary on October 18, 2001**

Warrant Holder:	Number of Shares of Iteris Subsidiary Common Stock:
Patrick S. Bannister	17,917
Robert W. Campbell	3,333
Paul J. Donnelly	57,917
Carl E. Frankson	56,250
Andre D. Guardi	59,583
Gregory E. Presson	31,250
Stephen D. Weinress	23,750
TOTAL	250,000

QuickLinks

[Exhibit 4.14](#)

[Schedule to Form of Warrant Issued by the Iteris Subsidiary on October 18, 2001](#)

WARRANT

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, AND MAY NOT BE PLEDGED, SOLD, OFFERED FOR SALE, TRANSFERRED, OR OTHERWISE DISPOSED OF IN THE ABSENCE OF REGISTRATION UNDER OR EXEMPTION FROM SUCH ACT AND ALL APPLICABLE STATE SECURITIES LAWS. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO IT THAT A PROPOSED TRANSFER OR SALE IS IN COMPLIANCE WITH THE ACT, EXCEPT THAT NO SUCH OPINION SHALL BE REQUIRED FOR TRANSFERS OR SALES PURSUANT TO REGISTRATION UNDER THE ACT.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF ARE SUBJECT TO THE TERMS AND PROVISIONS OF A VALUE PARTICIPATION AGREEMENT (AS SUPPLEMENTED, MODIFIED, AMENDED, OR RESTATED FROM TIME TO TIME, THE "AGREEMENT") DATED JULY 31, 2000 BETWEEN FORD MOTOR COMPANY ("FORD") AND ITERIS, INC. (THE "COMPANY") A COPY OF THE AGREEMENT IS AVAILABLE AT THE EXECUTIVE OFFICES OF THE COMPANY.

1,531,867 Shares of
Common Stock
of the Company

Warrant No. W-1

**WARRANT TO PURCHASE COMMON STOCK OF
ITERIS, INC.**

This is to certify that, in consideration of ten dollars (\$10.00) and other valuable consideration, which is hereby acknowledged as received, Ford Motor Company, its successors and registered assigns, is entitled to exercise this Warrant to purchase One Million Five Hundred Thirty One Thousand Eight Hundred Sixty Seven (1,531,867) shares of the Common Stock of Iteris, Inc., a Delaware corporation (the "*Company*"), as the same shall be adjusted from time to time pursuant to the provisions of the Agreement, at any time in accordance with the terms of the Agreement, at a price equal to \$10.51 per share and to exercise the other rights, powers, and privileges hereinafter provided, all on the terms and subject to the conditions specified in this Warrant and in the Agreement. This Warrant shall expire on the Warrant Expiration Date.

This Warrant is issued under, and the rights represented hereby are subject to the terms and provisions contained in the Agreement, to all terms and provisions of which the registered holder of this Warrant, by acceptance of this Warrant, assents. Reference is hereby made to the Agreement for a more complete statement of the rights and limitations of rights of the registered holder of this Warrant and the rights and duties of the Company under this Warrant. Capitalized terms used but not defined herein have the meanings set forth in the Agreement. A copy of the Agreement is on file at the office of the Company.

Dated as of July 31, 2000.

ITERIS, INC.

By: /s/ JACK JOHNSON

Jack Johnson
Its: *Chief Executive Officer and President*

ASSIGNMENT FORM

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under this Warrant, with respect to the number of shares of Common Stock set forth below:

No. of Shares	Name and Address of Assignee
<hr/>	<hr/>

and does hereby irrevocably constitute and appoint as attorney _____ to register such transfer on the books of _____ maintained for the purpose, with full power of substitution in the premises.

Dated: _____, 200 .

By: _____

Name: _____

Title: _____

SUBSCRIPTION FORM

(To be executed only upon exercise of Warrant)

The undersigned registered owner of this Warrant irrevocably exercises this Warrant for and purchases _____ of the number of shares of Common Stock of Iteris, Inc., purchasable with this Warrant, and herewith makes payment therefor, all at the price and on the terms and conditions specified in this Warrant and requests that certificates for the shares of Common Stock hereby purchased (and any securities or other property issuable upon such exercise) be issued in the name of and delivered to _____ whose address is _____, and if such shares of Common Stock do not include all of the shares of Common Stock issuable as provided in this Warrant, that a new Warrant of like tenor and date for the balance of the shares of Common Stock issuable thereunder to be delivered to the undersigned.

The undersigned represents that such shares of Common Stock acquired pursuant to exercise of this Warrant will not be sold other than in compliance with applicable securities laws.

Dated: _____, 200 .

By:

Name:

Title:

Address:

**Relevant Portions of Value Participation Agreement
between the Iteris Subsidiary and Ford Motor Company,
dated as of July 31, 2000**

4.2 Vesting Schedule.

(a) The Warrants shall become exercisable ("Vested") as set forth in subparagraph (b) of this Section 4.2. "Volume/Schedule Levels" are based on certain minimum quantities of Units purchased pursuant to purchase orders by Ford, Ford Affiliates, or Ford Tier 1 Suppliers at intervals during the Exclusive Period.

(b) The Warrants will Vest as provided on Schedule 4.2 attached hereto.

(c) The Warrants may also become Vested as provided in Section 4.15.

4.3 Exercise Price. The exercise price per share of Common Stock issued under each Warrant will be \$10.51, as adjusted in accordance with Section 4.10 (the "Exercise Price").

4.4 Exercise.

(a) Subject to the limitation in Section 4.2, the Warrants may be exercised in whole or in part at any time or from time to time on or after the date such Warrant becomes Vested on any day that is a Business Day, for all or any part of the number of whole Warrant Shares purchasable upon its exercise. In order to exercise any Warrant, in whole or in part, a Holder will deliver to the Company at the address designated by the Company pursuant to Section 12.4, (i) a written notice of such Holder's election to exercise its Warrants, which notice will specify the number of Warrant Shares to be purchased pursuant to such exercise, (ii) the price, in an amount equal to the aggregate purchase price for all Warrant Shares to be purchased at the Exercise Price pursuant to such exercise, in cash or other immediately available funds (the "Purchase Price"), and (iii) its Warrant(s). Such notice will be substantially in the form of the subscription form attached to the Warrants. In the case of payment of all or a portion of the Purchase Price pursuant to Section 4.4(b), the direction by the exercising Holder to make a Cashless Exercise (as defined below) shall serve as accompanying payment for that portion of the Purchase Price. Upon receipt of such subscription form, the Company will, as promptly as practicable, and in any event within seven (7) Business Days, execute, or cause to be executed, and deliver to such Holder a certificate or certificates representing the aggregate number of Warrant Shares, as provided in this Agreement. The stock certificate or certificates so delivered will be in such denominations as may be specified in such notice and will be registered in the name of such Holder, or such other name of a Permitted Transferee as designated in such notice. A Warrant will be deemed to have been exercised, such certificate or certificates will be deemed to have been issued, and such Holder or any other Person so designated or named in such notice will be deemed to have become a holder of record of such shares for all purposes, as of the date that such notice, together with payment of the Exercise Price and the Warrant(s), is received by the Company. If a Warrant has been exercised in part, the Company will, at the time of delivery of such certificate or certificates, deliver to such Holder a new Warrant evidencing the rights of such Holder to purchase a number of Warrant Shares with respect to which the Warrant has not been exercised, which new Warrant will, in all other respects, be identical with the Warrants, or, at the request of such Holder, appropriate notation may be made on the Warrant and the Warrant shall be returned to such Holder.

(b) In lieu of exercising the Warrant for cash pursuant to the immediately preceding paragraph, subject to applicable securities laws, by surrendering the Warrant at the Principal Office

together with an exercise notice indicating such election, the Holder may elect to receive the Warrant Shares determined pursuant to the formula set forth below:

$$X = Y \times \frac{A-B}{A}$$

X = the number of Warrant Shares to be issued to the Holder

Y = the number of Warrant Shares purchasable under this Warrant (at the date of calculation) for which an exercise notice has been given

A = the Market Value Per Share (at the date of such calculation); and

B = Exercise Price.

4.5 *Warrant Register.* The Company will, at all times while any of the Warrants remain outstanding and exercisable, keep and maintain at its Principal Office a register in which the registration, transfer, and exchange of the Warrants will be recorded (the "Warrant Register"). The Company will not at any time, except upon the merger, consolidation, dissolution, liquidation, or winding up of the Company, close such register so as to result in preventing or delaying the exercise or transfer of any Warrant.

4.6 *Legend.* The Warrants and the Warrant Shares have not been registered under the Securities Act or qualified under applicable state securities laws. Accordingly, unless the legend may be removed in accordance with applicable federal and state securities law, any stock certificate issued pursuant to the exercise of a Warrant will bear the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE PLEDGED, SOLD, OFFERED FOR SALE, TRANSFERRED, OR OTHERWISE DISPOSED OF IN THE ABSENCE OF REGISTRATION UNDER OR EXEMPTION FROM SUCH ACT AND ALL APPLICABLE STATE SECURITIES LAWS. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO IT THAT A PROPOSED TRANSFER OR SALE IS IN COMPLIANCE WITH THE ACT, EXCEPT THAT NO SUCH OPINION SHALL BE REQUIRED FOR TRANSFERS OR SALES PURSUANT TO REGISTRATION UNDER THE ACT."

4.7 *Payment of Taxes.* The Company shall pay all stamp taxes attributable to the initial issuance of shares or other securities issuable upon the exercise of each Warrant or issuable pursuant to Section 4.10 hereof, excluding any tax or taxes which may be payable because of the transfer involved in the issuance or delivery of any certificates for shares or other securities in a name other than that of the exercising Holder in respect of which such shares or securities are issued.

4.8 *Replacement Warrant.* If any Warrant is mutilated, lost, stolen or destroyed, the Company shall issue and deliver in exchange and substitution for and upon cancellation of the mutilated Warrant, or in lieu of and in substitution for the Warrant lost, stolen or destroyed, a new Warrant of like tenor and representing an equivalent right or interest, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of such Warrant and upon receipt of indemnity reasonably satisfactory to the Company; provided, that if the Holder is Ford, an Affiliate of Ford, a financial institution or other institutional investor, its own unsecured indemnity agreement shall be satisfactory.

4.9 *Reservation of Common Stock and Other Covenants.*

(a) The Company shall at all times reserve and keep available out of the aggregate of its authorized but unissued shares, free of preemptive rights, such number of its duly authorized shares of Common Stock, or other stock or securities deliverable pursuant to Section 4.10 hereof, as shall be sufficient to enable the Company at any time to fulfill all of its obligations under this Agreement and the Warrants.

(b) If any shares of Common Stock reserved or to be reserved for the purpose of exercise of the Warrants, or any shares or other securities reserved or to be reserved for the purpose of issuance pursuant to Section 4.10 hereof, require registration with or approval of any governmental authority under any federal or state law before such shares or other securities may be validly delivered upon exercise of any Warrant, then the Company covenants that it will, with expenses shared equally, secure such registration or approval, as the case may be (including but not limited to approvals or expirations of waiting periods required under the Hart-Scott-Rodino Antitrust Improvements Act).

(c) The Company covenants that all shares of Common Stock that may be delivered upon exercise of each Warrant shall upon delivery by the Company be duly authorized and validly issued, fully paid and nonassessable, free from all stamp or transfer taxes, liens and charges with respect to the issue or delivery thereof and otherwise free of all other Liens (other than liens created by a Holder or its predecessors).

4.10 *Adjustments to Aggregate Number.*

(a) The Aggregate Number shall be subject to adjustment from time to time as follows and, thereafter, as adjusted, shall be deemed to be the Aggregate Number hereunder.

(i) In case at any time or from time to time the Company shall:

(A) take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend payable in, or other distribution of, Common Stock (a "Stock Dividend"),

(B) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, including without limitation by means of a stock split (a "Stock Subdivision"), or

(C) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock (a "Stock Combination"),

then the Aggregate Number in effect immediately prior thereto shall be (1) proportionately increased in the case of a Stock Dividend or a Stock Subdivision and (2) proportionately decreased in the case of a Stock Combination. In the event the Company shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common Stock for no consideration, then the Company shall be deemed to have made a Stock Dividend in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

(ii) If at any time or from time to time the Company shall (except as hereinafter provided in this Section 4.10(a)(ii)) issue or sell any additional shares of Common Stock for a consideration per share less than the Market Value Per Share, then, effective on the date specified below, the Aggregate Number shall be adjusted by multiplying (A) the Aggregate Number immediately prior thereto by (B) a fraction, (1) the numerator of which shall be the number of shares of Common Stock on a Fully Diluted basis immediately prior to the issuance of such additional shares of Common Stock plus the number of such additional shares of Common Stock so issued and (2) the denominator of which shall be the number of shares of

Common Stock on a Fully Diluted basis immediately prior to the issuance of such additional shares of Common Stock plus the number of shares of Common Stock which the aggregate consideration for the total number of such additional shares of Common Stock so issued would purchase at the Market Value Per Share. The date as of which the Market Value Per Share shall be computed shall be the earlier of the date on which the Company shall enter into a firm contract or commitment for the issuance of such additional shares of Common Stock or the date of actual issuance of such additional shares of Common Stock.

The provisions of this Section 4.10(a)(ii) shall not apply to any issuance of additional shares of Common Stock (I) for which an adjustment is otherwise provided under Section 4.10(a)(i) hereof, (II) upon the exercise of other subscription or purchase rights or (III) upon the exercise of any conversion or exchange rights in any Convertible Securities; provided, that for purposes of clauses (II) or (III) an adjustment shall previously have been made upon the issuance of such other rights or upon the issuance of such Convertible Securities (or upon the issuance of any warrants or other rights therefor) pursuant to Section 4.10(a)(iii) hereof.

(iii) If at any time or from time to time the Company shall in any manner (whether directly, by assumption in a merger in which the Company is the surviving corporation and in which the shareholders of the Company immediately prior to the merger continue to own more than fifty percent (50%) of the Fully Diluted Common Stock immediately after the merger and for a period of at least one hundred eighty (180) days thereafter, or otherwise) (A) issue or sell any warrants, options or other rights to subscribe for or purchase any shares of Common Stock or any Convertible Securities or (B) issue or sell any Convertible Securities, whether or not the rights to subscribe, purchase, exchange or convert thereunder are immediately exercisable, and the consideration per share for which additional shares of Common Stock may at any time thereafter be issuable pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities shall be less than the Market Value Per Share (determined on the date specified below), then the Aggregate Number shall be adjusted as provided in Section 4.10(a)(ii) hereof on the basis that (1) the maximum number of additional shares of Common Stock issuable pursuant to all such warrants, options or other rights or necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued as of the date of determination of the Market Value Per Share as hereinafter provided and (2) the aggregate consideration for such maximum number of additional shares of Common Stock shall be deemed to be the minimum consideration received and receivable by the Company for the issuance of such additional shares of Common Stock pursuant to the terms of such warrants, options or other rights or such Convertible Securities. For purposes of this Section 4.10(a)(iii), the effective date of such adjustment and the date as of which the Market Value Per Share shall be computed shall be the earliest of (I) the date on which the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any such warrants, options or other rights or Convertible Securities, (II) the date on which the Company shall enter into a firm contract or commitment for the issuance of such warrants, options or other rights or Convertible Securities and (III) the date of actual issuance of such warrants, options or other rights.

No adjustment of the Aggregate Number shall be made under this Section 4.10(a)(iii) upon the issuance of any Convertible Securities which are issued pursuant to the exercise of any warrants, options or other subscription or purchase rights if an adjustment shall previously have been made or if no such adjustment shall have been required upon the issuance of such warrants, options or other rights pursuant to this Section 4.10(a)(iii).

(iv) Notwithstanding anything herein, no adjustments of the Aggregate Number shall be made for (A) grants of stock options, restricted stock or other awards (and the corresponding

exercise thereof) pursuant to stock option, restricted stock or incentive plans approved by the Company's board of directors, (B) options, warrants, other rights to purchase or acquire Common Stock, or Convertible Securities issued by the Company to unrelated third parties in arms' length transactions approved by the Company's board of directors in connection with debt financing (senior or subordinate) or strategic alliances (other than capital raising), and (C) the conversion of the DaimlerChrysler Venture Convertible Notes pursuant to the terms thereof.

(iv) The following provisions shall be applicable to the making of adjustments of the Aggregate Number provided above in this Section 4.10(a):

(A) The adjustments required by the preceding paragraphs of this Section 4.10 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that no adjustment of the Aggregate Number that would otherwise be required shall be made (except in the case of a Stock Subdivision or Stock Combination, as provided for in Section 4.10(a)(i) hereof) unless and until such adjustment either by itself or with other adjustments not previously made adds or subtracts at least one (1) share to or from the Aggregate Number immediately prior to the making of such adjustment. Any adjustment representing a change of less than such minimum amount (except as aforesaid) shall be carried forward and made as soon as such adjustment, together with other adjustments required by this Section 4.10 and not previously made, would result in a minimum adjustment. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(B) In computing adjustments under this Section 4.10(a), fractional interests in Common Stock shall be taken into account to the nearest one hundredth (0.01) of a share provided that no fractional shares shall be issuable under the Warrants.

(C) If the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive subscription or purchase rights and shall, thereafter and before the distribution to shareholders thereof, legally abandon its plan to pay or deliver such subscription or purchase rights, then no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(b) In case at any time the Company shall initiate any transaction or be a party to any transaction (including, without limitation, a merger, consolidation, share exchange, sale, lease or other disposition of all or substantially all of the Company's assets, liquidation, recapitalization or reclassification of the Common Stock) in connection with which the Common Stock shall be changed into or exchanged for different securities of the Company or capital stock or other securities of another corporation or interests in a non-corporate entity or other property (including cash) or any combination of the foregoing (each such transaction, a "Transaction"), then, as a condition of the consummation of the Transaction, lawful, enforceable and adequate provision shall be made so that each Holder shall be entitled to elect by written notice to the Company to receive (i) a new warrant in form and substance similar to, and in exchange for, its Warrant(s) to purchase all or a portion of such securities or other property or (ii) upon exercise of its Warrant(s) at any time on or after the consummation of the Transaction, in lieu of the Warrant Shares issuable upon such exercise prior to such consummation, the securities or other property (including cash) to which such Holder would have been entitled upon consummation of the Transaction if such Holder had exercised its Warrant(s) immediately prior thereto (subject to adjustments from and after the consummation date as nearly equivalent as possible to the adjustments provided for in this Section 4.10). The Company will not effect any Transaction unless prior to the consummation

thereof each corporation or other entity (other than the Company) which may be required to deliver any new warrant, securities or other property as provided herein shall assume, by written instrument delivered to such Holder, the obligation to deliver to such Holder such new warrant, securities or other property as in accordance with the foregoing provisions such Holder may be entitled to receive and such corporation or entity shall have delivered representations and warranties to such Holder stating that all of the terms of the new warrant or the original Warrant shall be enforceable against the Company and such corporation or entity in accordance with the terms hereof and thereof. The foregoing provisions of this Section 4.10(b) shall similarly apply to successive Transactions.

(c) In case at any time or from time to time the Company shall take any action of the type contemplated in Section 4.10(a) or (b) hereof (and subject to the exclusions listed therein) but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then, unless in the opinion of the board of directors such action will not have a material adverse effect upon the rights of any Holder (taking into consideration, if necessary, any prior actions which the board of directors deemed not to materially adversely affect the rights of any Holder), the Aggregate Number shall be adjusted in such manner and at such time as the board of directors of the Company may in good faith determine to be equitable in the circumstances.

(d) Whenever the Aggregate Number is to be adjusted pursuant to this Section 4.10, the Exercise Price shall be simultaneously adjusted to a price determined by multiplying the Exercise Price in effect immediately prior to such adjustment by a fraction, the numerator of which is the pre-adjustment Aggregate Number and the denominator of which is the post-adjustment Aggregate Number.

(e) Whenever the Aggregate Number is to be adjusted pursuant to this Section 4.10 the Company shall forthwith deliver a certificate signed by the chief executive officer or the chief financial officer setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment is to be calculated. The certificate shall set forth, the new Aggregate Number, the new Exercise Price, and, if applicable, any new securities or property to which each respective Holder is entitled. The Company shall promptly cause a copy of such certificate, signed by the chief financial officer of the Company, to be delivered to each Holder. The Company shall keep at its Principal Office copies of all such certificates and cause the same to be available for inspection at said office during normal business hours by any Holder or any prospective purchaser of a Warrant (in whole or in part) if so designated by a Holder.

4.11 *No Impairment.* The Company will not, by amendment of its Articles of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, share exchange, dissolution or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Agreement or the Warrants, including without limitation the adjustments required under Section 4.10 hereof, and will at all times in good faith assist in the carrying out of all such terms and in taking of all such action as may be necessary or appropriate to protect the rights and benefits of the Holder pursuant to this Agreement and the Warrants. Without limiting the generality of the foregoing and notwithstanding any other provision of the Warrants to the contrary (including by way of implication), the Company (a) will not increase the par value of any shares of Common Stock receivable on the exercise of the Warrants above the Exercise Price and (b) will take all such action as may be necessary or appropriate so that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock on the exercise of the Warrants.

4.12 *Transfers of the Warrants.*

(a) The Warrants may not be transferred, sold or otherwise disposed of by the Holders other than to Permitted Transferees, and subject to the provisions of this Section 4.12. The Warrants and

the Warrant Shares are issued or issuable subject to the provisions and conditions contained herein, and every Holder hereof by accepting the same agrees with the Company to such provisions and conditions, and represents to the Company that the Warrants have been acquired and the Warrant Shares will be acquired for the account of the Holders for investment and not with a view to or for sale in connection with any distribution thereof.

(b) The Holders agree that the Warrants and the Warrant Shares may not be sold, transferred or otherwise disposed of except pursuant to an effective registration statement under the Securities Act and applicable state securities laws or pursuant to an applicable exemption from the registration requirements of the Securities Act and such state securities laws. In the event that any Holder transfers the Warrants or the Warrant Shares pursuant to an applicable exemption from registration, the Company may request, at its expense, an opinion of counsel that the proposed transfer does not violate the Securities Act and applicable state securities laws.

4.13 *Rights of Transferees.* The rights granted to the Holders hereunder and under each Warrant shall pass to and inure to the benefit of all Permitted Transferees of all or any portion of a Warrant (provided that each Holder and any transferee shall hold such rights in proportion to their respective ownership of the Warrants and Warrant Shares and subject to the restrictions contained herein) until extinguished pursuant to the terms hereof.

4.14 *Right of First Refusal.* (a) Subject to the provisions of applicable law and the restrictions on transfer contained herein, Ford shall have the right to sell or otherwise dispose of any shares of Common Stock acquired through the exercise of the Warrants. If Ford desires to sell or dispose of any such shares of Common Stock, Ford will deliver a written notice (the "Sale Notice") to the Company, disclosing in reasonable detail the identity of the prospective transferee (the "Buyer"), the shares of Common Stock proposed to be transferred (the "Offered Common Shares") and the terms and conditions of the proposed transaction. Ford will not consummate any such transaction except in accordance with this Section. The Company, or at the option of the Company one or more of its shareholders, may elect to purchase all, but not less than all, of the Offered Common Shares upon the same terms and conditions as those set forth in the Sale Notice by delivering a written notice of such election to Ford within ten (10) Business Days of receipt of the Sale Notice by the Company.

(b) If the Company has not elected to purchase all of the Offered Common Shares in cash within ten (10) Business Days of the delivery of the Sale Notice, Ford may, during the 30-day period immediately following such ten (10) Business Day period, (i) transfer all of the Offered Common Shares to the third party Buyer at a price and on terms no more favorable to the transferee than those specified in the Sale Notice, or (ii) make no Transfer. Any of the Offered Common Shares not transferred within such 30-day period will be subject to the provision of this Section 4.14 in the event of a subsequent transaction.

(c) The provision of this Section 4.14 shall terminate and be of no further force and effect as of the consummation by the Company of an IPO.

4.15 *Change of Control.* Upon the occurrence of a Change of Control, all Warrants, other than Warrants which expired prior to such Change of Control, shall become Vested immediately prior to the effective date of the Change of Control, without regard to Volume/Schedule Levels.

"Change of Control" means (a) a sale of all or substantially all of the assets of the Company; or (b) any merger, consolidation, share exchange, recapitalization or sale or transfer of capital stock of the Company, in each case in which DaimlerChrysler, General Motors, Toyota, Volkswagen, Nissan, BMW or Honda, or any Affiliate thereof, directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d 3 under the Exchange Act) of more than twenty five percent (25%) of either (i) the then outstanding shares of Common Stock (determined on a fully diluted and as converted basis) or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors.

Schedule 4.2

Vesting Schedule

(i) Warrants for the right to purchase 77,359 (5.05% of the Aggregate Number) shares of fully paid and nonassessable Common Stock shall be Vested on the Closing Date, without regard to Volume/Schedule Levels.

(ii) Warrants for the right to purchase 77,359 (5.05% of the Aggregate Number) shares of fully paid and nonassessable Common Stock shall be Vested on the later of the Closing Date or the date of written notice by Ford to Company identifying a Model Year 2003 or earlier Designated Vehicle model for installation of Units, without regard to Volume/Schedule Levels.

(iii) Warrants for the right to purchase 154,719 (10.1% of the Aggregate Number) shares of fully paid and nonassessable Common Stock ("Tranche A Warrants") shall be Vested on the date (which date shall be on or before March 31, 2003) the Company ships the 50,000th Unit purchased by Ford, Ford Affiliates, and/or Ford Tier 1 Suppliers pursuant to purchase orders issued by Ford, Ford Affiliates and/or Ford Tier 1 Suppliers. If Ford, Ford Affiliates and/or Ford Tier 1 Suppliers do not purchase in the aggregate 50,000 Units on or before March 31, 2003, Tranche A Warrants will expire and will not Vest.

(iv) Warrants for the right to purchase 928,314 (60.61% of the Aggregate Number) shares of fully paid and nonassessable Common Stock ("Tranche B Warrants") shall Vest at the rate of 154,719 shares for each 108,333 Units purchased (or 1.4282 shares per Unit) pursuant to purchase orders issued by Ford, Ford Affiliates, and/or Ford Tier 1 Suppliers up to a cumulative number of 649,998 Units (inclusive of the 50,000 Units described in subsection (iii) above). Warrants will be deemed Vested as of September 30 of each year 2001 through 2006 based upon the number of Units purchased by Ford, Ford Affiliates and/or Ford Tier 1 Suppliers during the preceding Model Year. Any portion of the Tranche B Warrants which are not Vested as of September 30, 2006 will expire and will not Vest.

(v) Warrants for the right to purchase an additional 154,719 (10.1% of the Aggregate Number) shares of fully paid and nonassessable Common Stock ("Tranche C Warrants") shall be Vested on the date (which date shall be on or before July 31, 2006) the Company ships the 800,000th Unit purchased by Ford, Ford Affiliates and/or Ford Tier 1 Suppliers pursuant to purchase orders issued by Ford, Ford Affiliates, and/or Ford Tier 1 Suppliers. If Ford, Ford Affiliates and/or Ford Tier 1 Suppliers do not purchase 800,000 Units (inclusive of all Units described in subsections (iii) and (iv) above) on or before July 31, 2006, the Tranche C Warrants will expire and will not Vest.

(vi) Warrants for the right to purchase an additional 139,397 (9.09% of the Aggregate Number) shares of fully paid and nonassessable Common Stock (the "Tranche D Warrants") shall be Vested on the date (which date shall be on or before July 31, 2006) the Company ships the 1,000,000th Units purchased by Ford, Ford Affiliates and/or Ford Tier 1 Suppliers pursuant to purchase orders issued by Ford, Ford Affiliates, and/or Ford Tier 1 Suppliers. If Ford, Ford Affiliates and/or Ford Tier 1 Suppliers do not purchase 1,000,000 Units (inclusive of all Units described in subsections (iii), (iv) and (v) above) on or before July 31, 2006, the Tranche D Warrants will expire and will not Vest.

The number of shares in each tranche of Warrants will be adjusted simultaneously with any adjustments in the Aggregate Number pursuant to *Section 4.10* hereof.

QuickLinks

[Exhibit 4.15](#)

WARRANT TO PURCHASE COMMON STOCK

THIS WARRANT AND THE SECURITIES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT TO PURCHASE COMMON STOCK

Number of Shares:	15,000 shares
Warrant Price:	\$1.42 per share
Issuance Date:	May 2, 2005
Expiration Date:	August 31, 2013

FOR VALUE RECEIVED, Gary Smith (hereinafter called the "**Holder**") is entitled to purchase from Iteris, Inc., a Delaware corporation (the "**Company**") the above referenced number of shares of the Company's Common Stock (the "**Common Stock**"), at the Warrant Price referenced above, all subject to adjustment from time to time as described herein. The exercise of this Warrant shall be subject to the provisions, limitations and restrictions contained herein.

1. Term and Exercise.

1.1 Term. This Warrant is exercisable in whole or in part (but not as to any fractional share of Common Stock), from time to time, at any time on or after May 2, 2005 and prior to 5:00 p.m. on the Expiration Date set forth above.

1.2 Procedure for Exercise of Warrant.

(a) Holder may exercise this Warrant by delivering the following to the principal office of the Company in accordance with *Section 5.1* hereof: (i) a duly executed Notice of Exercise in substantially the form attached as *Schedule A*, (ii) payment of the Warrant Price then in effect for each of the shares being purchased, as designated in the Notice of Exercise, and (iii) this Warrant. Payment of the Warrant Price may be in cash, certified or official bank check payable to the order of the Company, or wire transfer of funds to the Company's account (or any combination of any of the foregoing) in the amount of the Warrant Price for each share being purchased.

(b) Notwithstanding any provisions herein to the contrary, if the Fair Market Value (as defined below) is greater than the Warrant Price as of the day of exercise, the Holder may elect to receive, without the payment by the Holder of any additional consideration, shares of Common Stock equal to the value of the "spread" on the shares (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company in accordance with *Section 5.1*, together with the Notice

of Exercise, in which event the Company shall issue to the Holder hereof a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y \times (\text{FMV} - \text{WP})}{\text{FMV}}$$

Where: X = the number of shares of Common Stock to be issued to the Holder pursuant to this net exercise

Y = the number of shares of Common Stock purchasable under the Warrant or, if only a portion of the Warrant is being exercised, that portion of the Warrant requested to be exercised

FMV = the Fair Market Value (as of the date of such calculation) of one share of Common Stock

WP = the Warrant Price (as adjusted as of the date of such calculation)

For purposes of this Warrant, the "**Fair Market Value**" of one share of the Company's Common Stock as of a particular date shall be determined as follows: (i) if traded on a national securities exchange or through the Nasdaq Stock Market, the Fair Market Value shall be deemed to be the volume weighted average trading price of the Common Stock on such exchange for the five trading days immediately prior to the date of exercise indicated in the Notice of Exercise (or if no reported sales took place on such day, the last date on which any such sales took place prior to the date of exercise); (ii) if traded over-the-counter only and not on the Nasdaq Stock Market, the Fair Market Value shall be deemed to be the average of the closing bid and asked prices as of five trading days immediately prior to the date of exercise indicated in the Notice of Exercise (or if no reported sales took place on such day, the last date on which any such sales took place prior to the date of exercise); and (iii) if there is no active public market, the Fair Market Value shall be the fair market value of the Common Stock as of the date of exercise, as determined in good faith by the Board of Directors of the Company; provided that any such five trading day period referenced above shall be extended by the number of trading days during such period on which trading in the Company's Common Stock is suspended, by, or not traded on the securities exchange, Nasdaq Stock Market or over-the-counter market on which the Common Stock is then listed or traded.

1.3 Effective Date of Exercise; Delivery of Certificate.

(a) In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the shares of Common Stock so purchased, registered in the name of the Holder or such other name or names as may be designated by the Holder, together with any other securities or other property which the Holder is entitled to receive upon exercise of this Warrant, shall be delivered to the Holder hereof, at the Company's expense, within a reasonable time after the rights represented by this Warrant shall have been so exercised; and, unless this Warrant has expired or have been exercised in full, a new Warrant representing the number of shares (except a remaining fractional share), if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the Holder hereof.

(b) The person in whose name any certificate for shares of Common Stock is issued upon exercise of this Warrant shall for all purposes be deemed to have become the holder of record of such shares on the date on which the Warrant was surrendered and payment of the Warrant Price was received by the Company, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is on a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

1.4 Fractional Shares. This Warrant may not be exercised for fractional shares; and no fractional share of any class or series of the Company's capital stock shall be issued upon exercise of the Warrant.

2. Compliance with Securities Laws.

2.1 Own Account. The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the shares of Common Stock or other securities to which Holder is entitled pursuant to *Section 3* hereof (such shares or securities, the "**Warrant Stock**") to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell, or otherwise dispose of this Warrant or any shares of Warrant Stock to be issued upon exercise hereof or conversion thereof except under circumstances that will not result in a violation of the Act, or any state securities laws. Upon exercise of this Warrant, the Holder shall, if reasonably requested by the Company, confirm in writing, in a form reasonably satisfactory to the Company, that the shares of Warrant Stock (and any common stock to be issued upon conversion thereof) so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale.

2.2 Accredited Investor. Holder further acknowledges that it is familiar with the definition of "accredited investor" in Rule 501 of Regulation D promulgated under the Act and certifies that Holder is an accredited investor as defined in such rule.

2.3 Unregistered Securities. Holder understands that neither this Warrant nor the Warrant Stock have been registered under the Act, and therefore they may not be sold, assigned or transferred unless (i) a registration statement under the Act is in effect with respect thereto or (ii) an exemption from registration is found to be available to the satisfaction of the Company. If (but without any obligation to do so) the Company proposes to register any of its Common Stock under the Act, in connection with the public offering of such securities solely for cash, other than a registration on Form S-4 or a registration related to the Company's benefit or option plans, the Company shall at such time give Holder 10 days written notice of such registration and upon the written request of the Holder given within the 10 days of the giving of such notice, the Company shall cause to be registered all of the shares underlying this Warrant that Holder has requested to be registered. These registration rights shall terminate at such time the shares underlying this Warrant can be sold pursuant to Rule 144 under the Act.

2.4 Legends. Holder further acknowledges and agrees that the stock certificates evidencing the Warrant Stock shall bear a restrictive legend, substantially in the following form (in addition to such other restrictive legends as are required or deemed advisable under the provisions of this Warrant, any applicable law or regulation or any other agreement to which Holder is a party):

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS (I) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS COVERING ANY SUCH TRANSACTION INVOLVING SAID SECURITIES, (II) THE COMPANY RECEIVES AN OPINION OF LEGAL COUNSEL FOR THE HOLDER OF THESE SECURITIES SATISFACTORY TO THE COMPANY STATING THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION, OR (III) THE COMPANY OTHERWISE SATISFIES ITSELF THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION."

3. Adjustments.

3.1 Subdivision or Combination of Shares. In case the Company shall at any time subdivide its outstanding Common Stock into a greater number of shares, the Warrant Price in effect immediately

prior to such subdivision shall be proportionately reduced and the number of shares obtainable upon exercise of this Warrant shall be proportionately increased. Conversely, in case the outstanding Common Stock of the Company shall be combined into a smaller number of shares, the Warrant Price in effect immediately prior to such combination shall be proportionately increased and the number of shares obtainable upon exercise of this Warrant shall be proportionately decreased.

3.2 Dividends in Common Stock, Other Stock or Property. If at any time or from time to time the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefor:

(a) Common Stock, options or any shares or other securities which are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution;

(b) any cash paid or payable other than as a regular cash dividend; or

(c) Common Stock or additional shares or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of *Section 3.1* above) and additional shares, other securities or property issued in connection with a Change (as defined below) (which shall be covered by the terms of *Section 3.3* below), then and in each such case, the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to in clause (b) above and this clause (c)) which such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property.

3.3 Reorganization, Reclassification, Consolidation, Merger or Sale. If any recapitalization, reclassification or reorganization of the share capital of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its shares and/or assets or other transaction (including, without limitation, a sale of substantially all of its assets followed by a liquidation) shall be effected in such a way that holders of Common Stock shall be entitled to receive shares, securities or other assets or property (a "**Change**"), then, as a condition of such Change, lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares, securities or other assets or property as may be issued or payable with respect to or in exchange for the number of outstanding Common Stock which such Holder would have been entitled to receive had such Holder exercised this Warrant immediately prior to the consummation of such Change. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to give effect to the adjustments provided for in this *Section 3* including, without limitation, adjustments to the Warrant Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this *Section 3.3* shall similarly apply to successive Changes.

4. Ownership and Transfer.

4.1 Ownership of This Warrant. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary until presentation of this Warrant for registration of any permitted transfers.

4.2 Rights of Stockholder. This Warrant shall not entitle its holder to any of the rights of a stockholder of the Company until the Warrant shall have been exercised and the shares of Warrant Stock purchasable upon the exercise hereof shall have been issued.

4.3 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and (a) in the case of loss, theft, or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or (b) in the case of mutilation, on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor and amount. The Holder shall reimburse the Company for all reasonable expenses incidental to replacement of this Warrant.

4.4 Warrant Not Transferable. This Warrant and the rights hereunder are not transferable and/or assignable, in whole or in part, by the Holder.

5. Miscellaneous Provisions.

5.1 Address for Notices. Any notice or other document required or permitted to be given or delivered to the Holder shall be delivered or forwarded to the Holder at 19 Trailwood, Irvine, CA 92620, (Phone No.: 714/731-3218) or to such other address or number as shall have been furnished to the Company in writing by the Holder. Any notice or other document required or permitted to be given or delivered to the Company shall be delivered or forwarded to the Company at 1515 S. Manchester Blvd., Anaheim, California 92802, Attention: CEO (Facsimile No.: 714/780-7857), with a copy to Dorsey & Whitney LLP, 38 Technology Drive, Irvine, California 92618, Attention: Ellen S. Bancroft, Esq. (Facsimile No.: 949/932-3601), or to such other address or number as shall have been furnished to Holder in writing by the Company.

5.2 Timing of Notices. All notices, requests and approvals required by this Warrant shall be in writing and shall be conclusively deemed to be given (a) when hand-delivered to the other party, (b) when received if sent by facsimile at the address and number set forth above; provided that notices given by facsimile shall not be effective, unless either (i) a duplicate copy of such facsimile notice is promptly given by depositing the same in the mail, postage prepaid and addressed to the party as set forth below or (ii) the receiving party delivers a written confirmation of receipt for such notice by any other method permitted under this paragraph; and further provided that any notice given by facsimile received after 5:00 p.m. (recipient's time) or on a non-business day shall be deemed received on the next business day; (c) five (5) business days after deposit in the United States mail, certified, return receipt requested, postage prepaid, and addressed to the party as set forth in Section 5.1 above; or (d) the next business day after deposit with an international overnight delivery service, postage prepaid, addressed to the party as set forth below with next business day delivery guaranteed; provided that the sending party receives confirmation of delivery from the delivery service provider.

5.3 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California as applied to agreements among California residents made and to be performed entirely within the State of California, without giving effect to the conflict of law principles thereof.

5.4 Waiver, Amendments and Headings. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by both parties (either generally or in a particular instance and either retroactively or prospectively). The headings in this Warrant are for purposes of reference only and shall not affect the meaning or construction of any of the provisions hereof.

5.5 Counterparts. This Warrant may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

WARRANT TO PURCHASE COMMON STOCK

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the Issuance Date.

COMPANY:

ITERIS, INC.

By /S/ JACK JOHNSON

Jack Johnson, President and Chief Executive Officer

HOLDER:

HAYDEN COMMUNICATIONS, INC., a South Carolina corporation

By /S/ GARY SMITH

Print Name: GARY SMITH

Title: NA

WARRANT TO PURCHASE COMMON STOCK

SCHEDULE A

FORM OF NOTICE OF EXERCISE

[To be signed only upon exercise of the Warrant]

**TO BE EXECUTED BY THE REGISTERED HOLDER
TO EXERCISE THE WARRANT**

The undersigned hereby elects to purchase _____ shares of Common Stock (the "**Shares**") of Iteris, Inc. (the "**Company**") under the Warrant to Purchase Common Stock dated May 2, 2005, which the undersigned is entitled to purchase pursuant to the terms of such Warrant, and [check one]:

- ☐ *Cash Exercise.* The undersigned has delivered \$ _____, the aggregate Warrant Price for _____ Shares purchased herewith, in full in cash or by certified or official bank check or wire transfer;
- ☐ *Net Exercise.* In exchange for the issuance of _____ shares, the undersigned hereby agrees to surrender the right to purchase _____ Shares pursuant to the net exercise provisions set forth in *Section 1.2(b)* of the Warrant.

Please issue a certificate or certificates representing such Shares in the name of the undersigned or in such other name as is specified below and in the denominations as is set forth below:

[Type name of Holder as it should appear on the stock certificate]

[Requested denominations—if no denomination is specified, a single certificate will be issued]

The initial address of such Holder to be entered on the books of the Company shall be:

The undersigned hereby represents and warrants that the undersigned is acquiring such shares for his own account for investment purposes only, and not for resale or with a view to distribution of such shares or any part thereof.

By: _____

Print Name: _____

Title: _____

Dated: _____

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[Exhibit 4.16](#)

EXHIBIT 5.1

July 20, 2005

Iteris, Inc.
1515 South Manchester Avenue
Anaheim, California 92802

Re: Iteris, Inc.—Registration Statement on Form S-3 for the Resale of
an Aggregate of 16,385,565 Shares of Common Stock

Ladies and Gentlemen:

We have acted as counsel to Iteris, Inc., a Delaware corporation (the "Company"), in connection with the registration for resale of up to an aggregate of 16,385,565 shares of the Company's common stock, including (i) shares of common stock issuable upon exercise of another warrant issued to Castle Creek in May 2001 ("Castle Creek Warrant Shares"); (ii) shares issued pursuant to a private placement completed in August 2002 (including shares issued upon exercise of warrants issued in such private placement) (the "2002 Shares") and shares issuable upon the exercise of certain warrants dated August 2002 ("2002 Warrant Shares"); (iii) shares of common stock issued in July 2003 (the "2003 Shares") and shares of common stock issuable upon the exercise of certain warrants dated July 2003 ("2003 Warrant Shares"); (iv) shares of common stock issuable upon the exercise of certain warrants issued to Hayden Communications, Inc. (the "Hayden Shares"); (v) shares of common stock issued or issuable upon the conversion of certain subordinated convertible debentures dated May 2004 in the aggregate principal amount of \$10.1 million (the "Debenture Shares") and shares of common stock issuable upon the exercise of certain warrants dated May 2004 (the "2004 Warrant Shares"); (vi) shares of common stock issued in May 2004 to DaimlerChrysler Ventures GmbH (the "DCV Shares"); (vii) shares of common stock issued in June 2004 upon an exchange completed with certain stockholders of the Company's Iteris, Inc. subsidiary (the "Exchange Shares"); (viii) shares of common stock issuable upon the exercise of certain warrants assumed by the Company in connection with the October 2004 merger with the Iteris, Inc. subsidiary (the "Assumed Warrant Shares"); (ix) shares of common stock issued to William Spreitzer upon exercise of his options (the "Spreitzer Shares"); and (x) shares of common stock issuable upon the exercise of a warrant issued to Gary Smith in May 2005 ("Smith Warrant Shares").

This opinion is being furnished in accordance with the requirements of Item 16 of Form S-3 and Item 601(b)(5)(i) of Regulation S-K.

We have reviewed the Company's charter documents and the corporate proceedings taken by the Company in connection with the issuance and sale of the securities described above. Based on such review, we are of the opinion that (a) the 2002 Shares, 2003 Shares, the DCV Shares, the Exchange Shares and the Spreitzer Shares have been duly authorized and are legally issued and non-assessable, and to our knowledge, are fully paid; (b) if, as and when the Castle Creek Warrant Shares, 2002 Warrant Shares, 2003 Warrant Shares, the Hayden Shares, the 2004 Warrant Shares, the Assumed Warrant Shares and the Smith Warrant Shares are issued and sold (and the exercise price and other consideration therefor has been received) pursuant to the provisions of the respective warrants and in accordance with the Registration Statement, such shares will be duly authorized, legally issued, fully paid and non-assessable; and (c) if, as and when the Debenture Shares are issued pursuant to the provisions of the respective debentures and in accordance with the Registration Statement, such Debenture Shares will be duly authorized, legally issued, non-assessable and, to our knowledge, fully paid.

We consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement and to the reference to this firm under the caption "Legal Matters" in the prospectus which is part of the

Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act, the rules and regulations of the Securities and Exchange Commission promulgated thereunder or Item 509 of Regulation S-K.

This opinion letter is rendered as of the date first written above and we disclaim any obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the opinion expressed herein. Our opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters relating to the Company or the securities described above.

Very truly yours,

/S/ DORSEY & WHITNEY LLP

Dorsey & Whitney LLP

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[EXHIBIT 5.1](#)

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to the Registration Statement of Iteris, Inc. on Form S-3 (No. 333-121942) of our report, dated June 1, 2005 (except for the four paragraphs under the caption "Deferred Compensation Plan" in Note 7 as to which the date is July 12, 2005), appearing in the Annual Report on Form 10-K of Iteris, Inc. for the year ended March 31, 2005 and to all references to our firm included in this Registration Statement. We also consent to the reference to our firm under the caption "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ MCGLADREY & PULLEN, LLP
Irvine, California
July 20, 2005

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[EXHIBIT 23.1](#)

[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

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EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption "Experts" in Amendment No. 1 to the Registration Statement (Form S-3 No. 333-121942) and related Prospectus of Iteris, Inc. for the registration of 16,385,565 shares of its common stock and to the incorporation by reference therein of our report dated June 8, 2004, except for Note 1—Restatement of Consolidated Financial Statements for the Year Ended March 31, 2004, and Note 7—Deferred Compensation Plan, as to which the date is July 13, 2005, with respect to the restated consolidated financial statements and schedule of Iteris, Inc. included in the Annual Report (Form 10-K) for the year ended March 31, 2005.

/s/ ERNST & YOUNG LLP

Irvine, California
July 20, 2005

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[EXHIBIT 23.2](#)

[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)