

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

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person* <u>MARXE AUSTIN W & GREENHOUSE DAVID M</u> (Last) (First) (Middle) <u>C/O SPECIAL SITUATIONS FUNDS</u> <u>527 MADISON AVENUE, SUITE 2600</u> (Street) <u>NEW YORK NY 10022</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ITERIS, INC. [ITI]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>09/28/2006</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	09/28/2006		J		1,192,913 ⁽¹⁾	A	\$1.61	4,339,707 ⁽¹⁾⁽²⁾	I ⁽¹⁾⁽²⁾	By Limited Partnerships ⁽¹⁾⁽²⁾

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Warrants	\$1.61	09/28/2006		J ⁽¹⁾		1,192,913 ⁽¹⁾	08/16/2002	08/16/2007	Common Stock	1,192,913 ⁽¹⁾	\$1.61	0	I ⁽¹⁾	By Limited Partnerships ⁽¹⁾
Warrants	\$3.25	09/28/2006		P		235,004	09/28/2006	09/28/2011	Common Stock	235,004	\$3.25	235,004	I	By Limited Partnerships

Explanation of Responses:

1. Exercised 1,192,913 warrants for 1,192,913 Common Stock.

2. This is a joint filing by Austin W. Marx (Marx) and David M. Greenhouse (Greenhouse). They share voting and investment control over all securities owned by Special Situations Fund III QP, L.P. (QP), Special Situations Cayman Fund, L.P. (Cayman) and Special Situations Private Equity Fund, LP (PE), respectively. 2,266,850 shares of Common Stock, 128,299 Wts are held by QP, 728,203 shares of Common Stock, 41,035 Wts are held by Cayman and 1,109,650 shares of Common Stock, 65,670 Wts are held by PE. The interest of Marx and Greenhouse in the shares of Common Stock owned by QP, Cayman and PE is limited to the extent of his pecuniary interest.

Austin W. Marx 10/02/2006
David M. Greenhouse 10/02/2006

** Signature of Reporting Person Date

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

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

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

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

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