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## **NEWS RELEASE**

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**FOR IMMEDIATE RELEASE**

### **IMAGE SENSING SYSTEMS ANNOUNCES SECOND QUARTER RESULTS**

**SAINT PAUL, Minn. - July 28, 2000 - Image Sensing Systems, Inc.** (NASDAQ/Small Cap: ISNS), the leading maker of video-based traffic management systems, announced today financial results for its second fiscal quarter ended June 30, 2000.

Revenues for the second quarter of 2000 were \$1,533,000, up 36% from \$1,131,000 for the same period a year ago while revenues for the first half of 2000 were \$2,628,000, up 15% from \$2,287,000 a year ago. The increase in revenues for the quarter and first half of the year was due primarily to more sales of Autoscope® systems, the Company's cornerstone product, by Flow Traffic Limited, Image Sensing Systems, Inc. subsidiary in Asia and by Econolite Control Products, Inc., its North American distribution partner.

Net income for the second quarter was \$11,000 or \$.00 per share versus net loss of \$40,000 or \$-.02 per share for the comparable period in 1999. Net income for the first half of 2000 was \$96,000 or \$.03 per share versus \$15,000 or \$.01 per share in 1999.

Bill Russell, Chairman and CEO said, "We are happy with the progress through the first half of the year, especially the contribution from Flow Traffic. Our product development programs and business development activities are moving forward at an accelerated rate that is critical to long-term success. Our balance sheet is strong and we eagerly look forward to the results of this necessary investment."

Image Sensing Systems' Autoscope® wide area video vehicle detection system collects a broad range of traffic data including volume, speed, roadway occupancy, headways, ramp queue lengths and vehicle classification. ISS has more than 3000 Autoscope systems installed in 30 countries around the world, including a large number of U.S. sites.

Based in Saint Paul, Minn., Image Sensing Systems, Inc., the developer and marketer of

Autoscope®, is the world leader in products applying video imaging technology for implementation in advanced traffic management systems (ATMS). Autoscope functionality includes intersection detection, freeway incident detection and traffic data collection to help reduce traffic congestion, fuel consumption, air pollution, travel time, enhance motorist safety and improve roadway planning. ISS has more than 3,000 Autoscope systems installed in more than 30 countries around the world, including a large number of U.S. cities. The Company is particularly suited to provide technical solutions to the emerging Intelligent Transportation Systems market worldwide.

Statements regarding the Company's anticipated performance for 2000 are forward-looking and therefore involve risk and uncertainties, including but not limited to: the ability and willingness of governmental agencies responsible for roadway planning to invest in Autoscope machine vision technology for advanced traffic management, the impact of new products introduced by competitors, higher than expected expenses to establish a worldwide marketing presence and the ability of the Company's North American manufacturing and distribution partner, Econolite Control Products, Inc., to adequately manufacture and effectively market the Autoscope system and to pay royalties owed the Company for sales of the Autoscope system.

### Three-Month Periods Ended June 30, 2000 and 1999

*(Dollars in thousands except per share amounts)*

	<u>2000</u>	<u>1999</u>
Revenues	\$1,533	\$1,131
Operating income (loss)	(21)	(64)
Net income (loss)	11	(40)
Net income (loss) per share	\$0.00	\$(0.02)

Weighted average number of common shares outstanding:

Basic	3,137,000	2,479,000
Diluted	3,563,000	
2,530,000		

### Six-Month Periods Ended June 30, 2000 and 1999

*(Dollars in thousands except per share amounts)*

	<u>2000</u>	<u>1999</u>
Revenues	\$2,628	\$2,287
Operating income (loss)	(82)	(25)
Net income	96	15
Net income per share	\$ 0.03	\$ 0.01

Weighted average number of common shares outstanding:

Basic	3,137,000	2,479,000
Diluted	3,510,000	2,531,000

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