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NEWS RELEASE

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FOR IMMEDIATE RELEASE

IMAGE SENSING SYSTEMS REVISES FISCAL YEAR 2001 UNAUDITED EARNINGS

SAINT PAUL, Minn., — November 2, 2001— Image Sensing Systems, Inc. (NASDAQ/Small Cap: [ISNS](#)) the leading maker of video-based traffic management systems, announced today financial results for its third fiscal quarter ended September 30, 2001.

Revenues for the third quarter of 2001 were \$1,635,000, up 9 percent from \$1,495,000 for the same period a year ago, while revenues for the first nine months of 2001 were \$4,612,000, up 12 percent from \$4,123,000 a year ago. The increase in revenues for the quarter and first nine months of the year was due primarily to more sales of Autoscope systems, the Company's cornerstone product, by Econolite, our North American partner.

EBITDA for the third quarter and nine months ending September 30, 2001 was income of \$75,000 or \$.02 per share and income of \$12,000 or \$.00 per share respectively. Net loss for the third quarter was \$7,000, or \$.00 per share, versus a net income of \$119,000, or \$.04 per share, for the comparable period in 2000. Net loss for the first nine months of 2001 was \$339,000, or \$.11 per share, versus net loss of \$7,000, or \$.00 per share, in 2000. The increase in loss for the third quarter and first nine months of 2001 was due primarily to the company's increased investment in developing the business infrastructure for the Wireless Technology product line.

Bill Russell, Chairman and CEO said, "Once again our business has proven to be back-end loaded with heavy expenses in the first part of the year. After a year of effort, where the sales cycle is normally 24 months, we are now seeing orders materializing for wireless communication and mobile phone jamming systems that will contribute to what we believe will be a strong 4th quarter. Econolite Control Products has had excellent success with our new Autoscope® Solo

Pro product, having exceeded sales expectations by a wide margin. European and Asian business has not met expectations this year largely due to reduced spending on the part of most countries. We have recently seen a change in spending and believe that the 4th quarter will show a turn around in these investment areas. "

"While our net earnings are not to the level anticipated, we believe that our strategy of diversifying our product suite and expanding markets in order to achieve sustainable growth and consistent profits is valid, and that we are very close to achieving our strategic market and sales objectives. We continue to tighten discretionary spending in order to achieve the positive EBITDA both on the quarter and year to date, and this will continue while we finish off major engineering projects and provide intense support to Econolite, who has successfully taken our new products to market, and to our distributors around the world who are aggressively pursuing opportunities."

Based in Saint Paul, Minnesota, Image Sensing Systems, Inc. is the world leader in products applying video imaging technology for implementation in advanced traffic management systems (ATMS), freeway incident detection and traffic data collection to help reduce traffic congestion, delays and fuel consumption, while enhancing infrastructure security and public safety. The company also offers a suite of products that provide wireless transmission of video, data and audio in a variety of markets. The Company's cornerstone Autoscope® products, with more than 16,000 sold worldwide, provide traffic managers with the means to improve roadway planning, provide real-time traffic information and increase cost efficiencies. Econolite Control Products, Inc., based in Anaheim, California, has been the exclusive distributor of Autoscope products throughout North America since 1991. Image Sensing Systems, Inc. is uniquely suited to provide technical solutions to the emerging global intelligent transportation and security markets.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This report contains "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There are certain factors that could cause results to differ materially from those anticipated by some of the statements made, as listed in the Company's 2000 Annual Report Form 10-KSB.

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Image Sensing Systems, Inc.

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Three-Month Period Ended September 30, 2001 and 2000

(Dollars in thousands except per share amounts)

	<u>2001</u>	<u>2000</u>
Revenues	\$1,635	\$1,495
Operating income	(112)	(126)
Net income (loss)	(45)	(103)
Net income (loss) per share	(\$0.01)	(\$0.03)
Weighted average number of common shares outstanding:	3,153,000	3,143,000

Nine Month Periods Ended September 30, 2001 and 2000

(Dollars in thousands except per share amounts)

	<u>2001</u>	<u>2000</u>
Revenues	\$4,612	\$4,123
Operating income (loss)	(450)	(208)
Net income (loss)	(339)	(7)
Net income (loss) per share	(\$0.11)	(0.00)
Weighted average number of common shares outstanding:	3,153,000	3,143,000

Statements regarding the Company's anticipated performance for 2002 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 or of Wireless Technology, Inc., to adequately manufacture product to meet sales demand.

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