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NEWS RELEASE

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FOR IMMEDIATE RELEASE

Image Sensing Systems Announces Record Third Quarter Financial Results

Saint Paul, Minn., -October 29, 2002-Image Sensing Systems, Inc. (ISS) (NASDAQ Small Cap: ISNS) market leading developer and manufacturer of video-based traffic management systems, announced today record financial results for its third quarter ended September 30, 2002.

Net income for the quarter was \$ 554,000 or \$.18 per share (\$.17 per fully diluted share) compared with a net loss of \$45,000 or \$.01 per share for the comparable period in 2001.

Net income for the nine-month period ended September 30, 2002 was \$890,000 or \$.28 per share compared to a net loss of \$339,000 or \$.11 per share for the comparable period in 2001.

Without restructuring charges, net income for the nine months of 2002 would have been \$1,359,000 or \$.43 per share.

Jim Murdakes, Chairman, and CEO said, "We continue to see positive acceptance for Machine Vision Technology. The strong third quarter performance was due largely to the continued success of our newest Autoscope product, Solo Pro II, which ISS introduced last year."

ISS' major partner, Econolite Control Products, Inc., continued their strong and positive sales growth resulting in ISS having another record quarter for revenue and income. ISS' Autoscope Solo Pro continues to gain wide acceptance in the overall marketplace. Flow Traffic Limited, our Asian subsidiary, contributed to our excellent third quarter sales and net income. Johan Billow, Managing Director of Flow Traffic Limited, was extremely pleased with their third quarter performance and the continued growth of Autoscope products in Asia.

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 and improve roadway planning. The Company's cornerstone Autoscope® products provide traffic

managers the means to reduce roadway congestion, improve roadway planning, 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 and recently was awarded exclusive sales distribution for Latin America. Image Sensing Systems, Inc. and Econolite Control Products, Inc. are particularly suited to provide technical solutions to the emerging intelligent transportation systems and security markets worldwide.

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 2001 Annual Form 10-KSB.

Three and Nine Month Periods Ended September 30, 2002 and 2001 (in thousands, except per share information)

	<u>Three-Month Period Ended September 30</u>		<u>Nine-Month Period Ended September 30</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenue	\$2,035	\$1,635	\$5,881	\$4,612
Operating income (loss)	561	(112)	892	(450)
Net income (loss)	554	(45)	890	(339)
Net income (loss) per share				
Basic	.18	(.01)	.28	(.11)
Diluted	.17	(.01)	.28	(.11)
Weighted average number of common shares outstanding:				
Basic	3,153,000	3,153,000	3,153,000	3,153,000
Diluted	3,260,000	3,153,000	3,197,000	3,153,000

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