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NEWS RELEASE

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FOR IMMEDIATE RELEASE

Autoscope® Awarded Contract for Six Tunnels in Croatia

Saint Paul, Minn., July 14, 2003--Image Sensing Systems, Inc. (ISS) (NASDAQ Small Cap: ISNS) announced today that it has been awarded a contract, through its exclusive distributor, Promel Projekt d.o.o., to supply Autoscope® video vehicle detection systems for six tunnels in Croatia. The Autoscope RackVision™ product will be installed to process over 90 cameras to be located throughout each tunnel. The Sveti Rok Tunnel, the longest tunnel of the six at over 5 km long, has 52 cameras in one tube alone. The Autoscope system will be providing automatic incident detection for safety precautions.

Graham Heywood, Image Sensing Systems Europe Managing Director said today, "We are very pleased to be working with our partner, Promel Projekt in Croatia. The six tunnels combined together form one of the longest tunnel road routes in Europe to be provided with Automatic Incident Detection. Autoscope has been selected for this and many other tunnel projects in Europe because it provides the greatest level of road coverage per camera and does not rely on stand alone PC's that are not fault tolerant. This project will be equipped with our latest Autoscope Rackvision units that are specifically designed for tunnel applications but yet retain the many years of algorithm development that have made us world leaders in video detection."

Headquartered in St. Paul, Minnesota, Image Sensing Systems, Inc. combines expertise in image processing, hardware and software engineering, and communications to develop video vehicle detection systems for traffic management and control applications. The Autoscope vehicle detection system is the world leader in video detection for advanced traffic management systems for highways, tunnel incident detection, intersection control, and traffic data collection. The

Autoscope system provides traffic managers the means to reduce roadway congestion, improve roadway planning, and improve cost efficiencies.

Safe Harbor Statement: This release 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 2002 Annual Form 10-KSB.

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