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NEWS RELEASE

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FOR IMMEDIATE RELEASE

Autoscope to be First Highway Incident Detection System in Slovenia

Saint Paul, Minn., October 27, 2004--Image Sensing Systems, Inc. (ISS) (NASDAQ Small Cap: ISNS) announced today that it has been awarded a contract, through its exclusive distributor Traffic Design, to supply over 30 Autoscope Solo[®] Pro video vehicle detection systems for a section of highway on A1 motorway in Slovenia. The highway connects Ljubljana to Trojane and passes over the highest bridge in Europe. This will be the first highway incident detection system in Slovenia.

Graham Heywood, Managing Director of ISS European Operations commented, "We are privileged to have won such a prestigious contract. The highway where the Autoscope system is being installed crosses over the highest man made bridge in Europe. This new highway is a credit to the Slovenian authorities and will provide a much needed new route through the southern mountains towards the beautiful coastline. Autoscope is truly in harmony with the best modern civil engineering construction and technology. This project along with the 2004 Olympic Games Autoscope highway incident detection project in Athens demonstrate the trust European consultants and designers have in choosing Autoscope video detection technology."

Headquartered in St. Paul, Minnesota, ISS 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: Statements made in this release concerning the Company's or management's intentions, expectations, or predictions about future results or events are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's current expectations or beliefs, and are subject to risks and uncertainties that could cause actual results or events to vary from stated expectations, which variations could be material and adverse. Factors that could produce such a variation include, but are not limited to, the following: the inherent unreliability of earnings, revenue and cash flow predictions due to numerous factors, many of which are beyond the Company's control; developments in the demand for the Company's products and services; relationships with the Company's major customers and suppliers; unanticipated delays, costs and expenses inherent in the development and marketing of new products and services; the impact of governmental laws and regulations; and competitive factors. Our forward-looking statements speak only as of the time made, and we assume no obligation to publicly update any such statements. Additional information concerning these and other factors that could cause actual results and events to differ materially from the Company's current expectations are contained in the Company's Form 10-KSB for the year ended December 31, 2003.

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