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NEWS RELEASE

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FOR IMMEDIATE RELEASE

Image Sensing Systems Receives Compliance Letter From Nasdaq

Saint Paul, Minn.- May 12, 2006-Image Sensing Systems, Inc. ("ISS") (NASDAQ: ISNS), developer and seller of video vehicle detection systems for traffic management and control, announced that on May 9, 2006, it received a letter from The Nasdaq Stock Market (the "Nasdaq Letter") indicating that ISS failed to comply with the nominating committee requirements for continued listing set forth in Marketplace Rule 4350(c)(4). The Nasdaq Letter referenced ISS's 2006 Proxy Statement filed on April 17, 2006, which stated that Mr. James Murdakes, a non-independent director of ISS, was a fifth member of ISS's Nominating Committee. This statement in the 2006 Proxy Statement, which was inadvertently added to the 2006 Proxy Statement shortly prior to mailing, was incorrect. ISS established its Nominating Committee on April 15, 2004, and elected the following four independent directors to the committee: Richard P. Braun, Michael G. Eleftheriou, Richard C. Magnuson and Panos G. Michalopoulos. There have been no changes to the composition of the Nominating Committee since April 15, 2004. Mr. Murdakes was not listed as a member of ISS's Nominating Committee in ISS's 2004 Proxy Statement or 2005 Proxy Statement.

The Nasdaq Letter states that the staff is reviewing ISS's eligibility for continued listing on The Nasdaq Stock Market. In order to facilitate this review, on or before May 24, 2006, ISS is required to provide Nasdaq with ISS's specific plan and timetable to achieve compliance with Rule 4350(c)(4). If, after the conclusion of Nasdaq's review process, the staff determines that the plan does not adequately address the compliance issues, then ISS will receive notification that its securities will be delisted. At that time, ISS may appeal the staff's determination to a Listing Qualifications Panel.

ISS considered the distribution of additional solicitation materials to ISS's shareholders in order to correct the error in the 2006 Proxy Statement. However, with ISS's annual meeting of shareholders scheduled for May 17, 2006, the materials would not arrive in time for the meeting unless the meeting was delayed. ISS does not believe that this error warrants delay of ISS's annual meeting of shareholders. Because ISS is currently in compliance with Marketplace Rule 4350(c)(4), ISS has determined that no specific action is warranted in response to the Nasdaq Letter.

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.

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