

IRVINE SENSORS CORPORATION NEWS RELEASE

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FOR IMMEDIATE RELEASE

IRVINE SENSORS CLOSSES PRIVATE PLACEMENT Common Stock Unit Financing raises approximately \$1M

COSTA MESA, CALIFORNIA -- July 2, 2003 -- Irvine Sensors Corporation (NASDAQ: IRSN, Boston Stock Exchange: ISC) announced today that it has closed a private placement common stock unit financing, which generated gross proceeds of \$1,050,000 and net proceeds of approximately \$970,000 to the Company. The unit placed consisted of four shares of unregistered common stock, with registration rights, and one three-year warrant to purchase one share of common stock at an exercise price of \$2.25 per share. The security was priced at \$5.60 per unit. The Company has the right to repurchase shares in the units sold to the investors, that have not been resold, for a six-month period at the repurchase price of \$2.25 per share. In addition, the Company has the right to redeem the warrants, if unexercised, for \$0.01 if the underlying shares have been registered and the Company's common stock has traded over \$3.00 per share for thirty consecutive trading days.

The private placement was made to two accredited institutional investors.

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