

IRVINE SENSORS CORPORATION NEWS RELEASE

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FOR IMMEDIATE RELEASE

IRVINE SENSORS DEMONSTRATES COMPLETE STACKED COMPUTER Neo-Stack™ technology compresses entire system into 1/2 cubic inch volume

COSTA MESA, CALIFORNIA – August 22, 2003 -- Irvine Sensors Corporation (Nasdaq: IRSN, Boston Stock Exchange: ISC) announced today that it has successfully developed and demonstrated an entire computer system that could fit inside a wristwatch. Using its patented Neo-Stacking™ technology, Irvine Sensors has stacked and integrated a complete, commercially standard suite of electronics to produce a miniaturized high performance computer in an assembly that is approximately one inch square by 1/2 inch high. The system has interfaces and support for a LCD display, mouse, keyboard, USB 1.1 host controller, and various other forms of external input and output. It uses less than two watts of power when operating.

The Neo-Stacked computer includes an Intel® 32-bit SA-1110 StrongARM® 206 MHz processor, the Intel SA-1111 StrongARM companion chip, a Xilinx® Coolrunner® XCR3256XL CPLD, 256 Mb of Intel StrataFlash® boot flash, 1024 Mb of Micron® SDRAM memory, 8Gb of solid-state storage using 16 Samsung® Flash memory



chips, a processor clock, a real time clock, arrays of required resistors and capacitors, a variety of interface ports including USB, UART, IrDA, SSP, PS/2, audio and video plus miscellaneous other parts required for a complete computer system. Its standard operating system permits it to use widely available commercial software.

“We undertook this development to initially address military requirements for highly miniaturized embedded computers. However, we expect that in sufficient volumes, the costs of such computers could be reduced to levels that would be commercially attractive,” said John C. Carson, Irvine Sensors President. “Since we have recently seen industry announcements of much less ambitious packaging demonstrations, we

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thought it was about time to let the world know about the rapidly increasing maturity of our technology and what we believe can be accomplished with Neo-Stacking today. We invite systems developers to get in touch with us to discuss Neo-Stacking solutions to their applications challenges," Mr. Carson concluded.

Irvine Sensors Corporation, headquartered in Costa Mesa, California, is primarily engaged in the sale of stacked chip assemblies and research and development related to high density electronics, miniaturized sensors and cameras, optical interconnection technology, high speed routers, image processing and low-power analog and mixed-signal integrated circuits for diverse systems applications.

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Neo-Stack and Neo-Stacking are trademarks of Irvine Sensors Corporation. Other brands and products mentioned in this release are trademarks of their respective holders.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This news release may contain forward-looking statements based on our current expectations, estimates and projections about our industry, management's beliefs, and certain assumptions made by us. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "will" and variations of these words or similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, the potential application for, pricing of and success of our Neo-Stacking technology and speak only as of the date hereof and are subject to change. We undertake no obligation to revise or update publicly any forward-looking statements for any reason. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.

Important factors that may cause such a difference include, but are not limited to, general economic and political conditions and specific conditions in the markets we address, including our ability to successfully adapt our Neo-Stacking technology to meet the specifications of potential military and commercial customers; our ability to successfully commercialize and achieve broad market acceptance for any resulting products; our ability to raise additional capital; our ability to negotiate appropriate strategic relationships; our ability to control costs and expenses; and the general economic slowdown in the technology sector and semiconductor industry. Further information on Irvine Sensors Corporation, including additional risk factors that may affect our forward looking statements, is contained in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and our other SEC filings that are available through the SEC's website (www.sec.gov).