



IRVINE SENSORS CORPORATION NEWS RELEASE

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FOR IMMEDIATE RELEASE

**IRVINE SENSORS WINS DARPA COMPETITION FOR 3D INTEGRATED CIRCUITS
PROCESS TECHNOLOGY DEVELOPMENT**

COSTA MESA, CALIFORNIA -- July 9, 2004 -- Irvine Sensors Corporation (NASDAQ: IRSN, Boston Exchange: ISC) announced today that it is leading an industrial team that has been selected by the Defense Advanced Research Projects Agency ("DARPA") as one of the winners in an industry competition to develop 3-dimensional electronics technology intended to continue United States' dominance of high performance integrated circuits. The new Irvine Sensors program, dubbed 3D Mint, is a multi-year, \$8.6 million contract, including options. The first phase of the program is for approximately \$3.2 million over 18 months and has the goal to demonstrate processing speeds and packaging densities that are orders of magnitude improvements over that achievable with conventional state-of-the-art electronics. Subsequent phases are planned to develop hardware usable for specific military applications that is also potentially transferable to commercial use. The Air Force Research Laboratory at Wright-Patterson Air Force Base in Dayton, Ohio will manage the program on behalf of DARPA.

John Carson, Irvine Sensors' President, said, "DARPA has recognized that, while 3-D electronics technology is inevitable, U.S. dominance of this field should not be taken for granted. The new DARPA initiative provides an impetus to achieve broad military support for 3-D electronics, while engaging major commercial electronic companies that can help establish and maintain a U.S. leadership position. We formed our team with this objective in mind. Raytheon will provide our defense applications leadership, and Micron Technologies, Xilinx and Sun Microsystems have agreed to help to generate pathways into commercial practice."

Irvine Sensors has been a leading source of innovation in the field of 3-dimensional electronics for nearly 25 years. During that period, the Company has introduced 3-D electronics to a wide variety of military and government applications, including high density memory for space data recorders, ultra high performance neural networks for target recognition and tracking, integrated processors for ballistic missile defense, high performance laser radar imaging and miniature embedded computers. Irvine Sensors began to broaden its proprietary technology beyond military applications to potential commercial uses in the 1990s, working in conjunction with IBM. Other corporations also began entering the commercial 3-D electronics arena during that decade, including such firms as Texas Instruments, Intel, AMD, StakTek,

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DPAC Technologies and Samsung. However, to date commercial applications of 3-D electronics have largely been limited to components. The technical goal of the new 3D Mint program is to extend the use of 3-D electronics to entire computational systems to realize the speed, capacity, power and economic advantages that such higher level use can potentially bring.

The new 3D Mint contract was the largest pending element included in the over \$19 million of new and pending government contracts that Irvine Sensors announced on May 10, 2004. With the receipt of the 3d Mint contract, approximately \$17 million of that previously announced \$19 million total has been awarded.

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.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This message 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, our expectations regarding funding plans of sponsoring government agencies over multiple fiscal years, the goals of our government contracts and our ability to meet the challenging intermediate milestones of the new research and development program. Such statements 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, our ability to successfully perform under any government contracts; the ability of our subcontractors to meet their developmental objectives related to our program; our ability to supplement our staff as required to meet the technical objectives of the program; the unforeseen of new technological approaches that might enable competitive approaches to the objectives of our 3D Mint program; our capital requirements and sources of funding; the timing of government procurement activities, the pre-contract financial capability reviews by government agencies, the contract funding priorities of such agencies; the competitive funding pressure on R&D contract funding resulting from demands of current military operations; and the general economic and political conditions and specific conditions in the markets we address. 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).