



NEWS RELEASE

CONTACT: Investor Relations
Irvine Sensors Corporation
714-444-8718
investorrelations@irvine-sensors.com

FOR IMMEDIATE RELEASE

IRVINE SENSORS CLOSSES \$9.5 MILLION PATENT DEAL

COSTA MESA, CALIFORNIA – March 20, 2009 -- Irvine Sensors Corporation (Nasdaq: IRSN) announced today that it has closed the pending transaction announced in December 2008 to sell most of its patents and patent applications to Arolase Development Co., LLC (“Arolase”) for an aggregate purchase price of up to \$9.5 million in cash. Of this purchase price, \$8.5 million has already been paid. Arolase has agreed to pay the final \$1.0 million within 30 days upon successful completion of a third-party license termination and continuing best efforts to amend or terminate other third party licenses. The assets in the transaction are primarily based upon Irvine Sensors’ systems, sensors and electronics packaging technologies. Arolase has licensed the patented technology back to Irvine Sensors for royalty-free, worldwide use.

John Carson, Irvine Sensors Chairman of the Board and CEO, said, “This is a watershed transaction for us. It immensely improves our liquidity and balance sheet, and we believe it demonstrates a potential for the future. We expect that our core research and development business will continue to be a source of patentable innovations every year, and this approach to monetizing such assets is very attractive. In addition, the immediate infusion of capital, coupled with the extinguishment of debt from the Optex sale, positions us to pursue multiple market opportunities.”

Irvine Sensors Corporation (www.irvine-sensors.com), headquartered in Costa Mesa, California, is a vision systems company engaged in the development and sale of miniaturized infrared and electro-optical cameras, image processors and stacked chip assemblies and research and development related to high density electronics, miniaturized

sensors, optical interconnection technology, high speed network security, image processing and low-power analog and mixed-signal integrated circuits for diverse systems applications.

—00—

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," "think", "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 ability of the Company to obtain additional patents or enter into similar transactions in the future. 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 terminate the third-party license agreement; our ability to pursue multiple market opportunities; our ability to successfully specify, develop or acquire, complete, introduce, market and transition to volume production new products and technologies in a cost-effective and timely manner; the Company's ability to obtain new patents and future deals related to such patents; the impact of competing technologies and products; the rate at which current or future customers adopt our technologies; the Company's cash resources and the effectiveness of our expense and cost control and reduction efforts; the effects of international conflicts, natural disasters and other events beyond our control; and the general economic, political and market conditions and specific conditions that may impact our operations. 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).