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Wireless Vehicle Security System from I.D. Systems Passes FAA/TSA Tests at Newark Liberty International Airport

Hackensack, NJ, May 17, 2004 — I.D. Systems, Inc. (NASDAQ: IDSY), a leader in wireless asset tracking and management solutions, today announced that its Radio Frequency Identification (RFID) system for vehicle security and fleet management, the Wireless Asset Net™, has passed a series of key tests conducted by the Federal Aviation Administration (FAA) and Transportation Security Administration (TSA) at Newark Liberty International Airport.

In a parallel development, the company was awarded a \$250,000 funding increase for its current program with the FAA and TSA.

To meet the TSA's objectives for monitoring vehicles that operate "airside" at commercial airports, I.D. Systems supplemented its core wireless vehicle management technology with advanced security capabilities to thwart potential threats. The objective of the FAA/TSA testing at Newark was to confirm the effectiveness of this new wireless security technology. Specifically, the FAA/TSA sought to demonstrate that the I.D. Systems Wireless Asset Net would provide:

- Effective, reliable wireless communications in the radio frequency-rich airport environment
- Sufficient security features to prevent unauthorized access to Port Authority of New York and New Jersey vehicles
- A safe and user-friendly interface for authorized vehicle operators
- Automatic operator log-off from vehicles based on software-configurable parameters
- Warnings when vehicles enter prohibited areas and remote shut down if necessary
- Operator alerts based on Global Positioning System (GPS) satellite status
- Emergency disabling of vehicle access
- Reports detailing vehicle/operator activity, location, status, movement history, zone violations, unauthorized access attempts, and other information

Jeanne M. Olivier, Senior Manager of Aviation Security and Technology, Port Authority of New York and New Jersey, said, "We are proud to be leading this important security initiative, and under the direction of Gov. James McGreevey, we remain committed to identifying ways in which we can enhance safety and security at Newark Liberty International Airport."

"We are quite pleased that the TSA has determined that the Wireless Asset Net meets or exceeds their expectations thus far," said Rick Muntz, I.D. Systems' executive vice president of sales, marketing, and customer satisfaction. "We believe these test results confirm that the Wireless Asset Net is well suited to provide vehicle security and fleet management in the commercial airport environment. Between the Government's requirement to tighten security within airside operating areas and commercial airlines' and airports' interest in reducing operating costs through

improved asset management, we think that the airport vehicle market represents a significant potential growth opportunity for I.D. Systems.”

About The Wireless Asset Net

The Wireless Asset Net system will be deployed on a cross-section of vehicles at Newark Airport. In the system, vehicle-mounted micro-computers, called VACs, will communicate bi-directionally with communication nodes called Gateways, which will be positioned strategically around the airport. Gateways exchange data with I.D. Systems software on the local computer network, allowing a central system security administrator to access — and proactively respond to — vehicle data reported through the system.

The Wireless Asset Net is designed to improve workplace safety and security by restricting industrial vehicle access to trained, authorized operators (as required by OSHA) and providing electronic safety inspection checklists. The system is designed to reduce maintenance expenses by automatically reporting vehicle issues in real time, scheduling maintenance according to actual usage rather than on a calendar basis, and helping management determine the optimal economic time to replace equipment. The system is also designed to improve productivity by ensuring equipment is in the proper place at the right time and by providing management with unique reports on vehicle utilization.

About I.D. Systems

Based in Hackensack, N.J., I.D. Systems, Inc. is a leading provider of wireless solutions for corporate asset management. I.D. Systems’ customers include 3M Company, American Axle, Archer Daniels Midland, Daimler Chrysler, Deere & Co., Ford Motor Company, General Dynamics, Hallmark Cards, Northrop Grumman, Target Corporation, Walgreen Co., the U.S. Navy, the U.S. Postal Service, and the Transportation Security Administration, among others.. Using local area networks, wide area networks, and the Internet, the company’s systems enable management to control and track the location and status of their assets — from forklifts, tugs and cranes to automobiles and trucks — in real time. For more information on I.D. Systems, Inc., visit www.id-systems.com.

“Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward looking statements that are subject to risk and uncertainties, including, but not limited to, the impact of competitive products, product demand and market acceptance risks, fluctuations in operating results and other risks detailed from time to time in I.D. Systems’ filings with the Securities and Exchange Commission. These risks could cause I.D. Systems’ actual results for the current fiscal year and beyond to differ materially from those expressed in any forward looking statements made by, or behalf of, I.D. Systems.

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