



## FOR IMMEDIATE RELEASE

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## **U.S. Postal Service Awards Contract to I.D. Systems to Integrate Material Flow Controls into Wireless Vehicle Management System**

Hackensack, NJ, October 4, 2006—I.D. Systems, Inc. (NASDAQ: IDSY) today announced that it has been awarded a development contract by the United States Postal Service (USPS) to integrate automated material flow management capabilities into I.D. Systems' Wireless Asset Net® industrial vehicle management system. The contract is valued at approximately \$1.1 million, subject to certain terms and conditions, with work expected to commence immediately.

The USPS currently utilizes I.D. Systems' Wireless Asset Net in 65 facilities and may deploy the system at additional sites under the terms of a previous contract.

The development project defined by the new contract was conceived to analyze certain productivity metrics of vehicle-related material handling, forecast periodic work loads, and dynamically optimize material movement in a distribution center environment. Through a combination of vehicle location tracking, detection of vehicle loads, pallet scanning, and real-time work order prioritization and dispatching, the goal of the project is to improve overall mail delivery performance. For example, if a mail container were at risk of missing a time-critical departure, the new system could dynamically select and automatically dispatch the closest available vehicle operator directly to the location of that container to ensure its timely delivery.

“This type of product advancement fits perfectly into one of our core market strategies—to engage in application-specific, customer-funded development programs that evolve our wireless solutions into pivotal, mission-critical, business management tools that have the power to transform distribution and manufacturing operations,” said Rick Muntz, I.D. Systems' executive vice president of sales, marketing and customer satisfaction. “By developing transcendent technologies like this, I.D. Systems will continue to maintain an important presence at the forefront of the wireless asset management industry. We are proud that the Postal Service has chosen us for this important project and we look forward to helping the USPS achieve a new dimension in their material handling control and efficiency.”

### About the Wireless Asset Net

The Wireless Asset Net consists of intelligent wireless devices (Vehicle Asset Communicators®) installed on powered industrial vehicles (such as fork trucks and pallet movers), a patented communication infrastructure, and client-server software for access control, utilization analysis, real-time location tracking, and many other functions. The system is designed to improve industrial workplace safety and security by restricting vehicle access to trained, authorized operators and by providing electronic safety inspection checklists. The system is designed to reduce maintenance expenses by automatically uploading vehicle data, reporting vehicle problems in real time, giving management the option of scheduling maintenance according to actual vehicle usage rather than on a calendar basis, and helping plant management determine the optimal economic time to replace equipment. The system is also designed to help 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, NJ, I.D. Systems, Inc. is a leading provider of wireless solutions for managing and securing high-value enterprise assets. These assets include industrial vehicles, such as forklifts and airport ground support equipment, and rental vehicles. The Company's patented Wireless Asset Net system, which utilizes radio frequency identification, or RFID, technology, addresses the needs of organizations to control track, monitor and analyze their assets. For more information on I.D. Systems, Inc., visit [www.id-systems.com](http://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 made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and that are subject to risk and uncertainties, including, but not limited to, future economic and business conditions, the loss of any of the Company’s key customers or reduction in the purchase of its products by any such customers, the failure of the market for the Company’s products to continue to develop, the inability to protect the Company’s intellectual property, the inability to manage the Company’s growth, the effects of competition from a wide variety of local, regional, national and other providers of wireless solutions and other risks detailed from time to time in the Company’s filings with the Securities and Exchange Commission, including the Company’s annual report on Form 10-K for the year ended December 31, 2005. These risks could cause actual results to differ materially from those expressed in any forward looking statements made by, or on behalf of, the Company. The Company assumes no obligation to update the information contained in this press release.

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