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RAE Systems Successfully Demonstrates RAEWatch Wireless Sensor Networks at Three Public Venues

Wireless radio enabled multi-sensor bundle the size of a white board eraser provides multiple data streams for comprehensive facility and cargo monitoring

SUNNYVALE, Calif. – June 21, 2004 – RAE Systems Inc. (AMEX: RAE), a leading global developer and manufacturer of rapidly-deployable, multi-sensor chemical and radiation detection monitors and networks for homeland security and industrial applications, today announced that the company has demonstrated the wireless RAEWatch sensor bundle at the Venetian Hotel in Las Vegas, Nevada; the DARPA/MTO (Defense Advanced Research Projects Agency/Microsystems Technology Office) Workshop on Networked Microsystems in Arlington, Virginia; and the ZigBee Alliance open house in Seattle, Washington.

RAEWatch is a robust wireless sensor bundle that can be permanently installed for public venue monitoring and can also be used for cargo container security. With IEEE 802.15.4 compliant architecture, RAEWatch networks are immune to interference from radio sources such as wi-fi and cell phones, and have a one to two year lifespan when used in temporary, battery-powered deployments. RAEWatch modules can be spaced as much as 30 meters apart to build sensor networks that provide radiation and temperature monitoring. RAEWatch networks are expandable to include a variety of other sensors such as intrusion, shock and thermal motion.

"We were impressed with the speed and ease of installation of the self-contained, wireless radiation sensor modules. The radio network went live within minutes of deployment. We have over 3,000 rooms, 120,000 square feet of casino area and 500,000 square feet of retail space, and ensuring a safe, secure environment for our guests is paramount," said David Shepherd, Executive Director of Security, The Venetian Resort, Hotel and Casino. "Non-intrusive, networked technology solutions like RAEWatch have the potential to give us the flexibility and power to monitor a large area while protecting millions of guests."

RAEWatch generated data streams are compatible with XML databases and can be sent to voice mail, pagers, e-mail, or PDAs. With alarm and alert capabilities that are compatible with legacy alarm systems, secure RAEWatch monitoring data streams enable improved venue and cargo security.

"The robust wireless capabilities demonstrated by RAEWatch point to the future of environmental sensing," said Venkat Bahl, vice chairman of the ZigBee Alliance and vice president of marketing at Ember Corporation. "As applications move from single monitors to wireless networks of monitors, it's critical to securely transmit increasingly complex data streams that interoperate with legacy systems."

About RAE Systems

RAE Systems is a leading global developer and manufacturer of rapidly-deployable, multi-sensor chemical detection monitors and networks for homeland security and industrial applications. In addition, RAE Systems offers a full line of portable single-sensor chemical and radiation detection products. RAE Systems' products enable the military and first responders such as firefighters, law enforcement and other emergency management personnel to detect and provide early warning of weapons of mass destruction and other hazardous materials. Industrial applications include the detection of toxic industrial chemicals, volatile organic compounds and petrochemicals. RAE Systems' products are used by many U.S. government agencies, including the Department of Homeland Security, the Department of Justice, and the Department of State, as well as all branches of the U.S. military, and by numerous city and state agencies. Our end users also include many of the world's leading corporations in the airline, automotive, computer and oil industries. Our products are used in civilian and government atmospheric monitoring programs in over 50 countries. For more information about RAE Systems, please visit www.RAESystems.com

Safe Harbor Statement

This press release contains "forward- looking" statements, as that term is used in Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are denoted by such words as "continue to be strong". These types of statements address matters that are subject to risks and uncertainties, which could cause actual results to differ materially. Factors that could cause or contribute to such differences include, but are not limited to, the general economic and industry factors and receptiveness of the market to RAE and its products. In addition, our forward- looking statements should be considered in the context of other risk factors discussed in our filings with the Securities and Exchange Commission, including but not limited to our annual report on Form 10-K and 10-Q filings, available online at http://www.sec.gov. All forward-looking statements are based on information available to the company on the date hereof, and the company assumes no obligation to update such statements.