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RAE Systems Extends Leadership in Military Aviation Maintenance Safety with $500,000 Contract

SUNNYVALE, Calif. – November 8, 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 it has been awarded a contract with the U.S. Military for MultiRAE Wing Tank Entry Kits, extending the company's growing presence in military aviation safety. Under the terms of the contract, RAE Systems will immediately receive $500,000 in payments from the U.S. Military for toxic and flammable gas monitoring units used while servicing military aircraft.

Aircraft fuel tanks contain many serviceable parts, and require toxic gas monitoring for worker safety during regular repair and maintenance. In the confined space of a fuel tank, the most common hazard is the jet fuel itself. Residual fuel is toxic and flammable; it can be ignited under certain temperature and vapor concentrations. Other hazards are the cleaning solvents, sealants, lubricants and other chemicals used in the repair and maintenance work.

RAE Systems' Wing Tank Entry Kit is customized for entering aircraft wing-tanks that have contained jet fuel. Its alarms, gas measurement scales and calibration gases are all specially tailored for use in environments containing jet fuel vapors. The Wing Tank Entry Kit uses PID (Photoionization Detectors) instead of traditional Wheatstone bridge LEL (Lower Explosive Limit) sensors for measuring jet fuel vapors.

"Wheatstone bridge sensors are designed to measure methane, not hydrocarbons, and they are often not sensitive enough to accurately measure jet fuel vapors," said Chris Wrenn, Director of Applications for RAE Systems. "Since jet fuel is a mixture of hydrocarbons, PIDs are a far more accurate solution for LEL alarms in jet fuel tanks. The dedicated men and women that support our air services rely on RAE Systems highly sensitive PID sensors to provide greater confidence in their safety when entering the hazardous wing tank environment."

The MultiRAE Plus used in RAE Systems' Wing Tank Entry Kit also includes an oxygen sensor and a traditional LEL sensor that provide backup reading for the PID. While the MultiRAE Plus has two additional toxic gas sensor sockets that may be filled with carbon monoxide, hydrogen sulfide or any two of RAE Systems' ten toxic gas sensors, these two toxic sockets are not filled in the MultiRAE Wing Tank Entry Kit, since they are typically not required in this particular environment.

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. 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 Form 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.