



Investor Fact Sheet



RAE Systems Inc. (NYSE Amex: RAE)

A Leader in Sensing Technology for Hazardous Materials

RAE Systems is a leading global provider of rapidly deployable connected, intelligent gas detection systems that enable real-time safety and security threat detection. RAE Systems products are used in more than 95 countries by many of the world's leading corporations and government agencies.

RAE Systems offers a full line of wirelessly enabled toxic gas and radiation detection solutions including personal, hand-held, transportable, and fixed instruments designed to meet the needs of any usage scenario. Applications include personal, portable, area, and fixed monitoring in energy production, refining, industrial and environmental safety, public venue safety and government first responder markets.

A proven technology leader that owns and manufactures its own sensor technology, RAE Systems holds over 20 chemical and radiation sensor patents and has developed proprietary photoionization, wireless, and radiation technologies. By leveraging both established American and China-based manufacturing operations, together with a global sales channel and partners, RAE Systems provides a high level of quality, value, and satisfaction to its customers around the world. Founded in 1991, RAE Systems stock is now traded on the New York Stock Exchange (NYSE Amex: RAE). RAE Systems is headquartered in San Jose, CA.

Investment Rationale

Leveraging Strong Brand & Developing New Technologies

- ◆ Advancing intelligent, connected, wireless gas and radiation detection solutions to enter new markets.
- ◆ One stop gas detection shop for oil, gas, petrochemical industries.
- ◆ Increasing recurring revenue from installed base for consumables & replacement sensors.

Capitalizing on International Growth Opportunities

- ◆ Increasing order size in international markets.
- ◆ Leveraging global energy companies.
- ◆ Capturing global events that warrant RAE Systems' monitoring solutions.

Growth Strategy

- ◆ Deploy wireless gas detection solutions for industrial plant turn-arounds, energy exploration and new markets.
- ◆ Pursue industrial safety, coal mine safety, environmental & security markets.
- ◆ Selectively establish partnerships & acquire complementary solutions.

| NYSE Amex – | RAE (As of 8/31/2010) |
|-------------------------------|-------------------------|
| Stock Price: | \$ 0.89 |
| 52-Week Price Range: | \$ 0.65– \$ 1.48 |
| Market Capitalization: | \$ 52.9 million |
| Shares Outstanding: | 59.4 million |
| Fiscal Year End: | Dec. 31 |

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Protection through Detection

Except for historical information, matters discussed in this fact sheet that may be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 could be subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties are detailed in the Company's filings with the SEC.

RAE Systems — Innovation and Experience Deliver Competitive Advantages

Serving Global Growth Markets



Oil & Gas



Industrial Safety



HazMat Response



Environmental



Civil Defense

Summary Financials

Statement of Operations

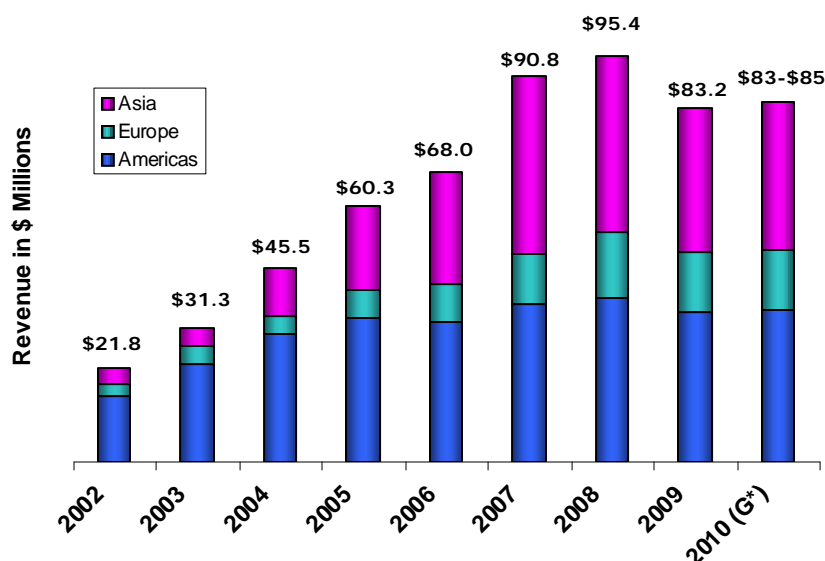
| | 3 Months Ended 6/30/2010 | 3 Months Ended 6/30/2009 | 6 Months Ended 6/30/2010 | 6 Months Ended 6/30/2009 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Net sales | \$ 23,300 | \$ 19,907 | \$42,095 | \$39,020 |
| Gross profit | 13,847 | 9,868 | 24,036 | 19,198 |
| Net income (loss) | 1,973 | (2,250) | 1,609 | (3,238) |
| Net income (loss) per share | \$0.04 | \$(0.03) | \$0.03 | \$(0.05) |
| Weighted average stock outstanding (diluted, thousands) | 59,547 | 59,359 | 59,547 | 59,351 |

Balance Sheet

| As of: | 6/30/2010 | 12/31/2009 | 12/31/2008 |
|-----------------------|-----------|------------|------------|
| Working capital | \$31,524 | \$ 31,676 | \$ 37,146 |
| Total assets | 80,083 | 78,874 | 81,175 |
| Long-term liabilities | 5,954 | 7,822 | 8,358 |
| Shareholders' equity | 45,016 | 43,555 | 48,697 |

Revenue History & 2010 Revenue Guidance

*(G= Guidance per May 5, 2010 Earnings Call)



Top Institutional Investors

1. Kopp Investment Advisors
2. Wellington Management Company
3. Kingdon Capital Management LLC
4. Prescott Group Capital Management LLC
5. British Columbia Investment Management Corp.
6. CALPERS (California Public Employees Retirement System)
7. Jane Street Capital
8. Ancora Advisors
9. Morgan Stanley & Co.
10. BNY Asset Management

