



Digital Video Systems, Inc.

DVS Expands Market Base in Automotive DVD Arena

PALO ALTO, CA –Jan. 10, 2004-- Digital Video Systems, Inc. (DVS/NASDAQ:DVID), a global leader in DVD technologies, announced today that it has received a contract to supply Visteon Corporation with DVD sub-systems for use in Visteon's DVD Family Entertainment Systems for the automotive aftermarket.

DVS CEO Douglas T. Watson stated, "Visteon is one of the largest developers and producers of automotive parts and systems in the world. We are proud to have been chosen to contribute to the innovative multimedia products they are supplying for the automotive industry. As a supplier to Visteon's aftermarket Family Entertainment Systems product line, DVS will be deploying our patented anti-skip technology, error correction capability and other advanced features that give us competitive advantages in meeting the special challenges of automotive applications."

DVS holds over 100 patents and patent applications in its intellectual property portfolio, covering innovations in DVD video, DVD ROM, and video recording to hard drives, among others. Capitalizing on its automotive DVD technology assets is one of the Company's announced near-term strategic goals, as are product and marketing initiatives in DVD technology for emerging markets in rewriteable/recordable DVD players.

About Digital Video Systems, Inc.

Established in 1992, DVS is a publicly held company specializing in the development and application of digital video technologies enabling the convergence of data, digital audio, digital video and high-end graphics. DVS is headquartered in Palo Alto, California, with subsidiaries and manufacturing facilities in South Korea, China and India. Additional information may be obtained at www.dvsystems.com.

About Visteon Corporation

Visteon Corporation is a leading full-service supplier that delivers consumer-driven technology solutions to automotive manufacturers worldwide and through multiple channels within the global automotive aftermarket. Visteon has approximately 75,000 employees and a global delivery system of more than 180 technical, manufacturing, sales and service facilities located in 25 countries. For more information about Visteon, visit the company's web site at www.visteon.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Any statements made in this release that are not historical facts contain forward-looking information that involves risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding the strategic direction of DVS, DVS's new products, development efforts, strategic relationships with other companies and market position. Important factors that may cause actual results to differ include, but are not limited to, the timely availability of components, sufficiency of working capital, the impact of competitive products and services, the company's ability to manage growth and acquisitions of technology or businesses, risks attendant to strategic agreements involving other companies, the effect of economic and business conditions, and other risks detailed from time to time in the company's filings with the Securities and Exchange Commission. Digital Video Systems, Inc. assumes no obligation to update these forward-looking statements, and does not intend to do so.

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