



Digital Video Systems, Inc.

DVS Secures Approximately \$2.5 Million in Financing

Palo Alto, Calif., Jan. 21/PRNewswire-FirstCall/ -- Digital Video Systems (NASDAQ: DVID) announced that it had secured approximately \$ 2.5 million in financing through the combination of a private placement of approximately 1.2 million shares of its common stock issued to Empire Capital Partners, and its affiliates, and the sale and assignment of a promissory note held by the Company. The Company intends to use the proceeds of these financing transactions for general corporate purposes, including the support of the Company's subsidiary in India.

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 Empire Capital Partners - Empire Capital is a hedge fund focused on the technology sector located in Westhaven, Connecticut. Some of the notable public holdings are UTStarcom, Texas Instruments, Juniper Networks and Interwave (iwav). In the private sector, Empire Capital major investments include: iCompression Technologies (acquired by Globespan Virata); Xalted Networks, Inc; Talaris Corporation, etc. <http://www.empirepartners.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 use of proceeds from financing transactions and the strategic direction of DVS. 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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Contact Information:

Digital Video Systems, Inc.
430 Cambridge Ave., Suite 110
Palo Alto, CA 94306
Tel: 650.322.8108
Fax: 650.322.8109
Contact: Larissa Licea
650.322.8108 Ext.106
E-Mail: ir@dvsystems.com

CCG Investor Relations
15300 Ventura Blvd., Suite 303
Sherman Oaks, CA 91403
818-789-0100
Fax: 818-789-1152
Sean Collins, Partner