



Digital Video Systems, Inc.

For Immediate Release

Digital Video Systems' Korea Subsidiary Makes Shipments Under Visteon South America Order

PALO ALTO, Calif., August 12, 2004 -- Digital Video Systems (Nasdaq: [DVID](#) - [News](#)) announced today that shipments under its contract with Visteon South America have begun. These shipments are in addition to previously announced shipments under the Company's contract with Visteon USA. Visteon is a leading automotive supplier with annual revenues in excess of \$17 billion.

The products being shipped to Visteon South America are from the VXM Series. These versatile, portable products can be installed in a vehicle or used as a freestanding unit in the home. They feature a slim silhouette, a slot-in loading mechanism, are compatible with a wide range of DVD formats, support multiple picture formats such as widescreen and letterbox and offer three video outputs. All the Company's automotive products incorporate its proprietary anti-shock and memory buffer technology for smooth, satisfying performance on the road.

The products can be viewed on the Digital Video Systems web site at http://www.dvsystems.com/new_products.htm.

DVS Chairman and CEO Thomas A. Spanier commented, "The shipments of this proprietary product underscores the importance of our business with Visteon, which also includes the previously announced contract for specially designed DVD players for the Dockable Family Entertainment System(TM). The VXM-2000 product line, built under ISO/TS 16949:2002 quality assurance certification, incorporates our proprietary technologies that shield player operation from vibration, shock and temperature extremes. This contract also validates our shift of strategic focus into increasingly popular automotive DVD products and rewriteable/recordable DVD players."

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.

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.

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 DVS's products and their features, development efforts and strategic relationships with other companies. 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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