



**Digital Video Systems, Inc.**

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**For Release: Immediate**

***DVS Announces Strategic Move, New Website; Palo Alto HQ Will Add Space, Cut Costs for Expanded Operations; Website Launch Features Investor Info***

(PALO ALTO, CA., June 17, 2003) To accommodate its growing engineering complement and reduce operating costs, Digital Video Systems, Inc. (DVS/Nasdaq:DVID) has relocated its corporate headquarters and R&D subsidiary MobileTouch from San Jose, CA to nearby Palo Alto.

Referring to the benefits of relocation, DVS CEO Douglas T. Watson stated: "In moving our operations to Palo Alto, we will effectively double our office space for half the cost of the San Jose location.

"The new DVS Palo Alto site," Watson continued, "can make room for a team of engineers focused on developing new higher margin products for wireless mobile devices and DVD related home and automotive entertainment markets."

To mark the company's strategic move, DVS today also announced the launch of a completely revamped website, created for the benefit of its family of investors and all those wishing to stay abreast of DVS activities. "We have chosen to combine our physical move with a virtual remodel of the DVS website (<http://www.dvsystems.com>) Watson concluded, "to showcase news of company developments such as MobileTouch and the Jeecom licensing agreement."

*The enhanced and streamlined website has the following new or improved features:*

- A new Investor Relations section offering easier access to reports, filings and financial news.
- Expanded coverage of new DVS corporate and technological developments.
- A more detailed products and technologies overview.
- News and biographical information about senior management and recent hirings.

***About DVS***

*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 branch offices in South Korea and China. DVS is a world leader in the manufacture of DVD loaders, the key component in today's DVD players. The company's present strategy is to remain a leading solutions provider at the forefront of the DVD industry. DVS is currently committed to an aggressive R&D product diversification program to develop a variety of higher margin DVD products including DVD loaders for the automotive market and DVD+R/RW recordables.*

***Safe Harbor***

*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 anticipated cost savings, the development of higher margin products, the Company's strategies to expand the company's products through the Mobile Touch subsidiary, and the successful integration of video and other multimedia products for the mobile market. 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, 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.*

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