



Digital Video Systems, Inc.

Media Contact: Anne Coffelt
E-Mail: compassrose@vom.com
Tel: 707.939.9410

For Immediate Release

**DIGITAL VIDEO SYSTEMS, INC. CLOSES PRIVATE PLACEMENT
Common Stock Unit Financing Raises Approximately \$1.74 Million**

PALO ALTO, CA. July 8, 2003 - Digital Video Systems, Inc. (Nasdaq: DVID) announced today that it has closed a private placement common stock unit financing, which generated gross proceeds of approximately \$1.74 million and net proceeds of approximately \$1.53 million to the Company. The Company sold a total of approximately 1,246,000 units.

The Unit placed consisted of one share of common stock and one warrant to purchase one additional share of common stock at an exercise price of \$2.80 per share, which is exercisable until July 7, 2006. The Company has the right to redeem any unexercised warrants for \$0.10 per warrant, upon 30 days' notice, if the underlying shares have been registered and the Company's common stock has closed over \$3.50 per share for ten consecutive trading days.

The shares of common stock issued in the private placement and issuable upon exercise of the warrants have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the U.S. absent registration or an applicable exemption from registration requirements. The Company does, however, intend to file a registration statement covering the resale of the common stock within 45 days of the closing.

Safe Harbor

All statements in this press release that are not statements of historical fact are forward-looking statements, including the statement that the offering is expected to close within two business days. These statements are based on expectations and assumptions as of the date of this press release and are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The risks and uncertainties include the ability of the Company and the investors to comply with certain conditions to closing as set forth in the definitive agreements. Digital Video Systems, Inc. assumes no obligation to update these forward-looking statements, and does not intend to do so.

For additional information please contact: Digital Video Systems, Inc. 430 Cambridge Ave., Suite 110, Palo Alto, CA 94306. Tel: 650.322.8108/Fax:650.322.8109.

DVS Contact: Larissa Licea
Office: 650.322.8108 Ext. 106
Cell: 408-712-4165
E-Mail: ir@dvsystems.com

####