

## **DIGITAL ALLY AWARDED NEW STATE CONTRACT FOR DVM-500/DVM-500 PLUS SYSTEMS BY STATE OF ARKANSAS**

### **CONTRACT TO PROVIDE IN-CAR DIGITAL VIDEO SYSTEMS FOR ARKANSAS STATE POLICE**

**OVERLAND PARK, Kansas (September 22, 2009)** – Digital Ally, Inc. (Nasdaq: DGLY), which develops, manufactures and markets advanced video surveillance products for law enforcement, homeland security and commercial security applications, today announced that it has been awarded a new two-year Term State Contract by the State of Arkansas. The contract provides that Digital Ally will supply its **DVM-500/DVM-500 Plus In-Car Digital Video Systems** to the Arkansas State Police. The Contract includes an option for renewal in five one-year increments by mutual agreement.

“The State of Arkansas is a long time user of our In-Car Video Systems, having awarded its initial contract to Digital Ally in June 2007,” stated Stanton E. Ross, Chief Executive Officer of the Company. “The initial contract was renewed in June 2008, and to date we have sold over 200 DVM-500 units to the Arkansas State Police. This new Term State Contract allows the Arkansas State Police to continue outfitting their fleet of law enforcement vehicles with Digital Ally In-Car Video Systems over the next several years and illustrates the State of Arkansas’ satisfaction with the performance of our systems in the field.”

“We are pleased with the level of confidence exhibited by the State of Arkansas through the awarding of this new Term State Contract, which has the potential to become a seven-year contract if all renewal options are exercised,” continued Ross. “While there are no guarantees regarding the number of units the State Police may order, we believe that the value of the contract over the next two years could be close to \$1 million. The contract stipulates a minimum order of 50 units, and Digital Ally is expecting initial orders under the contract after October 1, 2009.”

#### **About Digital Ally, Inc.**

Digital Ally, Inc. develops, manufactures and markets advanced technology products for law enforcement, homeland security and commercial security applications. The Company’s primary focus is digital video imaging and storage. For additional information, visit [www.digitalallyinc.com](http://www.digitalallyinc.com)

The Company is headquartered in Overland Park, Kansas, and its shares are traded on The Nasdaq Capital Market under the symbol “DGLY”.

*This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. These forward-looking statements are based largely on the expectations or forecasts of future events, can be affected by inaccurate assumptions, and are subject to various business risks and known and unknown uncertainties, a number of which are beyond the control*

*of management. Therefore, actual results could differ materially from the forward-looking statements contained in this press release. A wide variety of factors that may cause actual results to differ from the forward-looking statements include, but are not limited to, the following: the Company's ability to deliver its new product offerings as scheduled and have them perform as planned or advertised; whether, and the extent to which, the Company will receive additional orders from the State of Arkansas under the new term contract; the degree to which the interest in the Company's DVM-750 will translate into sales; the Company's ability to increase revenue and return to profitability in the current economic climate; the impact that the various government stimulus programs will have on equipment purchases by law enforcement agencies; its ability to expand its share of the in-car video market in the domestic and international law enforcement communities; uncertainties regarding market acceptance, domestically and internationally, for one or more of its new products; its ability to commercialize its products and production processes, including increasing its production capabilities to satisfy orders in a cost-effective manner; competition; patent protection on its products; the effect of changing economic conditions; and changes in government regulations, tax rates and similar matters. These cautionary statements should not be construed as exhaustive or as any admission as to the adequacy of the Company's disclosures. The Company cannot predict or determine after the fact what factors would cause actual results to differ materially from those indicated by the forward-looking statements or other statements. The reader should consider statements that include the words "believes", "expects", "anticipates", "intends", "estimates", "plans", "projects", "should", or other expressions that are predictions of or indicate future events or trends, to be uncertain and forward-looking. The Company does not undertake to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. Additional information respecting risk factors that could materially affect the Company and its operations are contained in its annual report on Form 10-K for the year ended December 31, 2008 and its report on Form 10-Q for the six months ended June 30, 2009, as filed with the Securities and Exchange Commission.*

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