

## **DIGITAL ALLY ANNOUNCES COMMITMENT FOR \$1.5 MILLION CREDIT FACILITY**

**OVERLAND PARK, Kansas (May 24, 2011)** – Digital Ally, Inc. (Nasdaq: DGLY), which develops, manufactures and markets advanced video surveillance products for law enforcement, homeland security and commercial applications, today announced that it has received a commitment for a one-year \$1.5 million unsecured credit facility from a third-party lender.

Funding of the credit facility is expected to occur on or before June 3, 2011. Borrowings under the facility will bear interest at an 8% annual rate. The Company will pay interest only on a monthly basis, with the loan due and payable on the first anniversary of the date of the closing.

The Company will grant the lender a warrant to purchase up to 300,000 of DGLY common stock at an exercise price of \$1.50 per share. The warrant will expire 30 months from the date of issuance. Under the terms of the agreement, Digital Ally may prepay the loan at any time, plus accrued interest, without penalty. The transaction is subject to completion of definitive documentation.

“We are pleased to announce this commitment for a new credit facility,” commented Stanton E. Ross, Chief Executive Officer of Digital Ally, Inc. “The unsecured facility will allow us to fully retire all borrowings under our existing bank loan and does not restrict our ability to develop relationships with other banks and financial institutions. We believe that the lender’s agreement to price the warrants at a premium to yesterday’s closing stock price reflects its high degree of confidence in our long-term prospects for growth and profitability.”

“I would also like to thank Source Capital Group, Inc. for the role it played in facilitating this transaction, which we expect to close by early next month,” concluded Ross.

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

Digital Ally, Inc. develops, manufactures and markets advanced technology products for law enforcement, homeland security and commercial 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: whether the Company will be able to increase revenues, regain profitability and generate positive cash flow in 2011 in the current economic environment; whether the Company will be able to close the commitment it has received for a new \$1.5 million credit facility, and do so on the terms and conditions contained in the commitment within the anticipated time frame; its ability to attract and retain customers and quality employees; 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 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, 2010 and its Form 10-Q for the three months ended March 31, 2011, as filed with the Securities and Exchange Commission.*

For Additional Information, Please Contact:

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