

DIGITAL ALLY RECEIVES \$750,000 *DVM-750* ORDER FROM EXISTING STATEWIDE CUSTOMER

COMPANY REITERATES EXPECTATION OF RECORD SALES AND OPERATING INCOME FOR 2010

OVERLAND PARK, Kansas (August 26, 2010) – 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 the receipt of the first order for ***DVM-750 In-Car Digital Video Systems*** under a state wide contract from the state’s Sheriff’s Association that represents 59 agencies throughout the state. The value of the order, which should be shipped to the customer in the current quarter, is approximately \$750,000.

“We are pleased to announce this significant order under the terms of a statewide contract, which reflects the customer’s satisfaction with, and enthusiasm for, our flagship *DVM-750 In-Car Digital Video System*,” stated Stanton E. Ross, Chief Executive Officer of Digital Ally, Inc. “We expect to receive additional orders from other law enforcement agencies in this state between now and the end of the current year.”

“As we indicated when announcing second quarter operating results earlier this month, we expect to receive and ship a number of significant orders under statewide contracts and from foreign countries during the second half of 2010,” continued Ross. “Our flagship *DVM-750* system, with its new features and performance in the field, has continued to expand our ‘addressable market’ in recent quarters. At the present time, state, county and municipal law enforcement agencies have the ability to purchase our *DVM* systems under 11 statewide contracts, and we have sales representation in 90 foreign countries. Our ‘pipeline’ of prospective new business is strong, and we continue to anticipate record sales and operating income for the year ending December 31, 2010.”

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

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 achieve record revenues and operating income in 2010 in the current uncertain economic environment; the Company's ability to deliver its new product offerings as scheduled and have them perform as planned or advertised; the Company's ability to generate additional orders from domestic and foreign law enforcement agencies; its ability to expand its share of the in-car video market in the domestic and international law enforcement communities; whether there will be a commercial market, 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; whether the Company will be able to adapt its technology to new and different uses, including being able to introduce new products; competition from larger, more established companies; its ability to attract and retain customers and quality employees; its ability to obtain patent protection on any of its products and, if obtained, to defend such intellectual property rights; 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 its annual report on Form 10-K for the year ended December 31, 2009, and its quarterly report on Form 10-Q for the three and six months ended June 30, 2010, as filed with the Securities and Exchange Commission.

For Additional Information, Please Contact:

Stanton E. Ross, CEO at
(913) 814-7774

or

RJ Falkner & Company, Inc., Investor Relations Counsel at (800) 377-9893
or via email at info@rjfalkner.com