



*Advanced Technology. Enhancing Mobility. Enabling Security.™*

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## PRESS RELEASE

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### **For Immediate Release**

## **DIGITAL RECORDERS, INC. ANNOUNCES DIVESTITURE OF DAC SUBSIDIARY**

### **Sale to Net the Company Approximately \$1.39 Million**

DALLAS, April 30, 2007 – Digital Recorders, Inc. (DRI) (NASDAQ: TBUS), a digital communications technology leader in the transportation, law enforcement, and security industries, announced today that the Company's Digital Audio Corporation subsidiary in Durham, N.C., is being divested for approximately \$1.39 million.

The acquisition party is Dolphin Direct Equity Partners, L.P., a private investment firm and an affiliate of Dolphin Offshore Partners, L.P. The sale is effective at the end of the business day on April 30, 2007. Sale proceeds will be used for the settlement of near-term debt obligations and general working capital needs.

“DAC has been part of the DRI family for a dozen years. It is a great company with outstanding talent, and we wish them all the best as they embark on a new journey. We see this divestiture as being the right move since the traditional DAC law enforcement market appears to be better served if DAC is a stand-alone business. Addressing DRI's anti-terrorism-related security market with DAC's audio-based technology has been difficult since the collection and processing of audio communications is restricted or prohibited in many of DRI's served transit markets. DRI will benefit from the redeployment of the invested capital and, for a period of time, will retain access to DAC's technology as it applies to our transit markets should acceptance of audio surveillance become more important to our work in the Homeland Security Market,” David L. Turney, the Company's Chairman, President, and Chief Executive Officer, said.

(MORE)

## **ABOUT DAC**

Founded in 1979 and acquired by DRI in 1995, the DAC business unit is a leading provider of forensic audio solutions for law enforcement, intelligence, military, and security organizations in a number of countries around the globe. Based in Durham, N.C., DAC designs, develops, manufactures and sells audio technologies to support audio collection, enhancement, and countermeasures applications. For more information about DAC products, go to [www.dacaudio.com](http://www.dacaudio.com).

## **ABOUT THE COMPANY**

Digital Recorders, Inc. is a digital communications technology leader in the transportation, law enforcement, and security industries. Using proprietary hardware and software applications, our products improve the flow and mobility of people through transportation infrastructure, improve energy efficiency, mitigate security threats, and enhance law enforcement agencies' surveillance capabilities. Our transportation communications products – TwinVision® and Mobitec® electronic destination sign systems, Talking Bus® voice announcement systems, Digital Recorders® Internet-based passenger information and automatic vehicle location/monitoring systems, and VacTell™ video actionable intelligence systems – enhance public transportation and mitigate security threats worldwide. By assisting transit vehicle operators' quest to increase ridership, our products also help reduce dependence on fuel. Our DAC® electronic surveillance tools, including microphone amplifiers and processors, countermeasures devices, speech activity detectors, and noise cancellation equipment, help law-enforcement agencies around the globe arrest and prosecute criminals. For more information about DRI and its operations worldwide, go to [www.digrec.com](http://www.digrec.com).

## **FORWARD-LOOKING STATEMENTS**

This press release may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Any statement, express or implied, concerning future events or expectations is a forward-looking statement, including, without limitation, statements about the anticipated benefits from the redeployment of the invested capital resulting from the divestiture of our DAC subsidiary. Use of words such as “expect,” “fully expect,” “expected,” “appears,” “believe,” “plan,” “anticipate,” “would,” “will,” “goal,” “potential,” “potentially,” “range,” “pursuit,” “run rate,” “stronger,” “preliminarily,” etc., is intended to identify forward-looking statements that are subject to risks and uncertainties may not prove accurate over time, such as the risk that we may not achieve the intended benefits of the redeployment of the invested capital resulting from the divestiture of our DAC subsidiary, as well as other risks and uncertainties set forth in our Annual Report on Form 10-K filed March 28, 2007, particularly those identified in Risk Factors Affecting Our Business. There can be no assurance that any expectation, express or implied, in a forward-looking statement will prove correct or that the contemplated event or result will occur as anticipated.

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