



DCAP Group, Inc.
1158 Broadway
Hewlett, NY 11557
Phone: (516) 374-7600
Fax: (516) 295-7216
www.dcapgroup.com

News Release

IMMEDIATE

Investor Contact:
Barry B. Goldstein

DCAP ANNOUNCES PREFERRED STOCK AND NOTE EXCHANGES; NOTE PREPAYMENTS

Hewlett, New York—May 12, 2009—DCAP Group, Inc. (NASDAQ: DCAP) today announced a restructuring of its Preferred Stock and a restructuring and partial redemption of its outstanding debt. The Company issued a new Series E Preferred Stock (which is mandatorily redeemable on July 31, 2011) in exchange for its outstanding Series D Preferred Stock (which was mandatorily redeemable on July 31, 2009). In addition, \$519,000 of notes payable (which were payable on July 10, 2009) have been exchanged for Series E Preferred Stock having such liquidation preference. Also, notes in the aggregate principal amount of approximately \$687,000 were prepaid. The important changes to the Preferred Stock and notes are as follows:

Preferred Stock

	<u>Aggregate Liquidation Preference</u>	<u>Mandatory Redemption Date</u>	<u>Dividend Rate</u>
Before Exchanges	\$780,000	July 31, 2009	10%
After Exchanges	\$1,300,000	July 31, 2011	11.5%

Notes

	<u>Aggregate Principal Amount Outstanding</u>	<u>Due Date</u>	<u>Interest Rate</u>
Before Exchanges and Prepayments	\$1,500,000	July 10, 2009	12.625%
After Exchanges and Prepayments	\$294,000	July 10, 2009	12.625%

Following the sale of the Company's New York State stores in April and its franchise business earlier this month, management felt the need to restructure the Company's capital obligations beyond July 2009. Cash from the sales was used to pay down the notes and associated interest. There is now less than \$300,000 of debt due to mature in July 2009. The Company hopes that such remaining debt will be repaid through the proceeds of a contemplated sale of its Pennsylvania stores, or through the issuance of equity or new debt. No assurances can be given in this regard.

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Forward Looking Statements

Statements in this press release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. These statements involve risks and uncertainties that could cause actual results to differ materially from those included in forward-looking statements due to a variety of factors. More information about these factors can be found in DCAP's filings with the Securities and Exchange Commission, including its latest Annual Report filed with the Securities and Exchange Commission on Form 10-K. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.