



NEWS RELEASE

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Telcom company Federated Telephone selects DigiLIBE Information Management system for internal use and as an additional service offering for its customers

ST. PAUL, Minn., September 1, 2010 – [Digitiliti, Inc.](http://Digitiliti.Inc) (OTC: DIGI), a pioneer and technology leader in the information management business, today announced Federated Telephone Cooperative, a full service telecom provider, has selected Digitiliti's DigiLIBE™ Information Management solution, to address their need to manage, control and utilize their growing unstructured data.

Federated Telephone also plans to deliver DigiLIBE's advanced information management services to both their commercial and residential customers. Commercial customers include hospitals, law and dental offices, and insurance agencies, to name a few, requiring DigiLIBE's unique features like compliance, active archive/backup, document management, collaboration and e-search/discovery.

By providing these innovative services to its customers as a monthly subscription service, Federated Telephone delivers a strong and differentiated value proposition within its existing customer base. DigiLIBE also provides Federated Telephone with an additional source of recurring revenue to expand its business opportunities. Offering these DigiLIBE services within their immediate telephone region, as a hosting site for data management services, they have not only become a customer but a Digitiliti partner as well.

"DigiLIBE is a simple and smart alternative for the hodgepodge of products we would have had to purchase to offer the same capabilities integrated within DigiLIBE," said Kevin Beyer, Federated Telephone's General Manager. "A single architecture incorporating data storage, archiving and backup dramatically speeds up our time to market, decreases our integration, training and support costs, improves our data center operational efficiency, and lets us provision our new services to our

customers faster and with better reliability. DigiLIBE is the ideal way for us to meet our customer needs while expanding our business.”

“Federated Telephone has a reputation for employing modern technology and up-to-date services and we’re happy to have their vote of confidence when it comes to managing their own data,” said Ken Peters, Executive Vice President of Digitiliti. “We are also excited about the partnership to help Federated Telephone residential and commercial customers take advantage of DigiLIBE’s comprehensive information management capabilities.”

DigiLIBE solves fundamental problems associated with managing, controlling, and quickly accessing unstructured data. DigiLIBE is a simple, integrated Virtual Corporate Library (VCL) system with policy-based applications to protect, control and secure data from its point of origin to final disposition. DigiLIBE addresses information growth across all points of an organization including office files, email, images, primary, secondary, offsite, and active archives. As a single architecture comprised of three simple components – information director, archive information store, and client agents – DigiLIBE reduces the number of disparate IT products needed, and the complexity and costs involved with managing and supporting information growth.

About Federated Telephone Cooperative

Federated Telephone Cooperative's mission is to provide the best communications services at a fair price; employing modern technology and up-to-date services; offering people choices to be successful and enhance their quality of life. Today, the company offers local dial tone, long distance, CLASS and custom calling features. In addition, Federated Telephone also provides Dial-Up, *High Speed Internet and Cable TV services. The company has two offices in Minnesota. Additional information is at <http://www.fedtel.net/index.htm>

About Digitiliti, Inc.

Digitiliti, based in St. Paul, Minnesota, is a pioneer and technology leader in the information management business. Digitiliti's fast growth results from its focus on providing SMB/SME companies with enterprise class features and services that are easy to use. Digitiliti services include DigiBAK™, a comprehensive off-site data protection solution, and DigiLIBE, a complete information management solution to mine the knowledge in unstructured content. Digitiliti markets and sells and solutions solely through its worldwide network of channel partners. For more information please visit <http://digitiliti.com>.

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