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Sigma Powers Celrun's New Linux-Based Set-Top Box Set For Deployment By Hanaro

Sigma's industry leading media processors continue to penetrate the IPTVmarket

MILPITAS, Calif. – June 5, 2006 – Sigma Designs (Nasdaq: SIGM), a leader in digital media processing for consumer electronics, today announced that Celrun's new TD900H VoIP enabled set-top box, which supports video, voice, and data in one box, is powered by Sigma's SMP8634 media processor. Celrun's new set-top box will be deployed in Korea by Hanaro Media under an agreement to purchase Kr 57 billion worth of product.

"We have designed a technologically advanced set-top box that will enable Hanaro Media to become the leading IPTV service provider in Korea," said Kim Young-min, CEO of Celrun. "The power and flexibility of our new set-top box is derived from the Sigma SMP8634 media processor, which leads the industry with high-definition video decoding of all major standards."

The new Celrun TD900H set-top box will be deployed by Hanaro Media, an IPTV service provider who has recently launched new TV portal services for high-speed Internet subscribers. Hanaro Media has a split ownership with 65 percent owned by Hanaro Telecom and 35 percent owned by Celrun. Hanaro Media initiated test services in January this year, and with its formal launch taking place in July, and expects to deploy services to 300,000 subscribers by the end of the year.

The Celrun Linux-based TD900H features a dual receiver architecture, enabling the reception of both IPTV and terrestrial broadcast to deliver optimal high-definition video services based on the bandwidth available. Powered by the Sigma SMP8634 and a Linux operating system, the new set-top box provides video decoding of H.264HD level (also known as MPEG-4 AVC: Advanced Video Codec), as well as MPEG-1 and MPEG-2. Celrun designed the TD900H to provide secure access to video on demand, unicast/multicast, web mail, and other standard Internet features within an Internet Protocol (IP) to suit any ISP's environment. The TD900H is available now in limited quantities and will begin volume production in July.

"Sigma's media processors demonstrate their power and flexibility with manufacturers like Celrun," said Ken Lowe, vice president of strategic marketing, Sigma Designs. "As the leading provider of media processors offering the most features in the IP industry, Sigma promises to bring manufacturers a competitive edge coupled with robust processing power."

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Safe Harbor Statement

This press release may contain forward-looking statements, including statements about the projected timing and extent of customer shipments as well as the expected use of Sigma's MPEG decoder products. Actual results could vary from those projected in the forward looking statements as a result of various factors, including worldwide economic conditions, changes in the customer's ability or desire to complete the roll-out, consumer reaction to the new products and services being offered, the ability of Sigma to deliver sufficient quantity and quality of MPEG decoder chips, prices for the Sigma chips, alternative offerings by competitors, and the ability of the parties to work together successfully to achieve the rollout.

About Sigma Designs, Inc.

Sigma Designs (Nasdaq: SIGM) specializes in silicon-based media processors for IPTV set-top boxes, digital media receivers, high definition DVD players, HDTV, and portable media players. The company's award-winning REALmagic[®] Video Streaming Technology is used in a variety of consumer applications providing highly integrated solutions for high-quality decoding of H.264, WMV9, MPEG-4, MPEG-2 and MPEG-1. Headquartered in Milpitas, Calif., the company also has sales offices in China, Europe, Hong Kong, Japan, Korea and Taiwan. For more information, please visit the company's web site at www.sigmadesigns.com/.

About Celrun

Celrun Co., Ltd. (Kospi:013240) is a diversified IP set top box manufacturer that develops IPTV set top solutions for a wide range of customers. Since its inception in 1999, the company has been a dominant player in the IP TV market and will continue to strive to be the world market leader currently expanding it's field to VoD service and DMB equipment manufacturing. Celrun Co., Ltd. formerly Tcom&dtvro Co., Ltd. is located in Seoul, South Korea.

About Hanaro Telecom

Hanaro Telecom is one of largest broadband service providers and the second largest fixed-line carrier in South Korea. Established in 1997, Hanaro runs a nationwide communications network in South Korea for local, national, and international voice call and data services. For more information on Hanaro, visit its Web site at <http://www.hanaro.com>

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