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Sigma Media Processors Proliferate Across Europe With The Launch Of IPTV Services By Deutsche Telekom, Neuf, And Others

Sigma's industry leading SMP8630 series media processors establish a defacto standard in IPTV

MILPITAS, Calif. – July 31, 2006 – Sigma Designs (Nasdaq: SIGM), a leader in digital media processing for consumer electronics, today announced the addition of several new telco operators in Europe that are using its SMP8630 series media processors for IPTV deployments.

T-Online, a division of Deutsche Telekom, is delivering its “T-Home” service, a converged data, voice and video (triple-play) service, based on a client platform using hardware technology from Sigma Designs and software technology from Microsoft. The “T-Home” service is delivered with Cisco IP set-top boxes (STBs), based on Sigma’s SMP8634 media processor, supporting the Microsoft TV® IPTV Edition software platform. The Cisco T-Home X 300T Media Receiver, enables high-definition (HD) IPTV and features personal video recorder (PVR) and dual DVB-T tuner functionality. T-Online introduced “T-Home” at CeBIT 2006 in Hanover, and will make the service available to its customers in Germany, France and Spain in the second half of 2006.

Neuf Cegetel now offers a high-definition video service, which is being delivered over ADSL and TNT based on the new Neuf TV HD set-top box, which is in turn based on Sigma’s SMP8635 media processor. The Neuf TV HD set-top box was developed in partnership with Netgem and decodes high-definition video programs received over both ADSL and TNT networks, and features full support of MPEG-4 SD and HD, TNT tuner, and multi-codec decoding for “Mediacenter ready” functionality. The new Neuf TV HD service, will be initially available in Paris, Lyon and Marseille. The high-definition programming over TNT will allow Neuf TV subscribers who own an HDTV to watch the main events to come in HD. Video-on-demand (VOD) services will be provided by Glowria VOD, which will start its service on the HD decoder in September. Neuf Cegetel also offers their current subscribers an upgrade program, allowing them to swap their current set-top box with the new HD box. The cost of TV service remains unchanged at only six Euros/month. The Neuf TV HD is also France’s first TV decoder over ADSL to be HDTV certified by EICTA (European Information & Communications Technology Industry Association), which guarantees compatibility with all HDTVs and HD-ready TVs in the market.

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AOL France is also in the process of launching its new digital television service via ADSL, using the Netbox HD from Netgem, based on Sigma's SMP8635 media processor. The Netbox HD is a hybrid set-top box that connects to ADSL and digital terrestrial television (DTT) to receive services in standard and high definition for a wide range of viewing choices. Netgem and AOL France have signed a three-year non-exclusive contract covering the sale of the Netbox HD.

Additionally, the Netbox HDTV from Netgem, powered by the Sigma SMP8635 media processor, is now being sold through FNAC, a major retail chain in France. The Netbox HDTV offers consumers access to the new DTT subscription-free TV services, in high definition, based on the MPEG-4 standard. It also features a smart-card reader, an Ethernet port for Internet access, and a USB port.

This set of announcements demonstrates the two primary approaches being used to create an IPTV client — using custom Linux middleware on one hand, and the Microsoft TV platform on the other — based on set-top boxes powered by Sigma media processors. Sigma has been a leading pioneer in IPTV platforms for many years, based initially on custom Linux middleware developed by a variety of partners. For the last two years, Microsoft and Sigma Designs have worked closely together to optimize the processing functionality of Sigma's SMP8634 media processor to achieve a feature set that delivers the full power of the Microsoft TV platform. This innovative SOC has become a defacto standard in the IPTV industry and is capable of delivering multiple channels of high-definition (HD) video and on-screen graphics; features the VC-1 and H.264 (MPEG4.10) video codecs, enables powerful content security, and supports a full range of peripherals such as USB 2.0, IDE, Ethernet and HDMI.

Sigma's media processors are now being shipped across Europe as telco carriers begin to deploy their new IPTV services in volume. To date, telco operators in Europe using set-top boxes based on Sigma's SMP8630 series of media processors includes AOL France, British Telecom, Deutsche Telekom, Free and Neuf, with others still to come.

“Sigma and its partners have worked closely together to achieve a stable high performance IPTV platform and we are excited to see these deployments take off at multiple telco carriers,” said Ken Lowe, vice president of strategic marketing, Sigma Designs. “We are eager to continue building on this foundation and witness this trend-setting success in Europe and other parts of the world.”

About the SMP8634

Sigma's SMP8634 media processor provides a complete system-on-chip (SOC) solution with powerful multimedia processing, robust content security system, and a full complement of peripherals. Its advanced decoder engines support video decoding of H.264 (MPEG-4 part 10), VC-1 (as well as Windows Media® Video 9, MPEG-2 and MPEG-4 (part 2) with multiple streams, up to the equivalent of two high-definition video streams. High-performance graphics acceleration, multi-standard audio decoding, advanced display processing capabilities, and HDMI/HDCP output round out its multimedia core. Powerful content security is ensured through a dedicated secure processor, flash memory, and a range of digital rights management (DRM) engines for high-speed payload decryption. The SMP8634's 300-MIPS host CPU, 3.2 GB/second unified memory controller, Ethernet 10/100 controller, dual USB 2.0 controller, and IDE controller provide for a single-chip solution for most set-top boxes and consumer players.

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/.

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