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**SIGMA ANNOUNCES SETTLEMENT OF SHAREHOLDER
DERIVATIVE LITIGATION**

MILPITAS, CA – March 10, 2008 – Sigma Designs (Nasdaq: SIGM), a leader in digital media processor SoC's for consumer electronics, today announced that the Company and plaintiffs have reached an agreement to settle shareholder derivative litigation that had been filed in connection with historic stock-option grants. The settlement will result in dismissal of both federal and state derivative lawsuits. The agreement does not contain any admission of fault or wrongdoing on the part of Sigma or the individual defendants and will not have a material financial impact on the Company. The settlement is subject to execution of definitive settlement documents and approval by the United States District Court for the Northern District of California.

Safe Harbor Statement

Statements in this press release regarding settlement of the litigation are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The actual settlement will depend upon completion of the requisite documentation and approval by the Court.

About Sigma Designs, Inc. Sigma Designs is a leading fabless provider of highly integrated system-on-chip, or SoC, solutions that are used to deliver multimedia entertainment throughout the home. Sigma's SoC solutions combine its semiconductors and software and are a critical component of multiple high-growth, consumer applications that process digital video and audio content, including internet protocol TV, or IPTV, high definition DVD players, high definition TVs, or HDTVs and portable media players. Headquartered in Milpitas, Calif., Sigma Designs also has sales representatives in the United States, Belgium, China, Japan and Taiwan and sells its products through a third-party distributor in Korea. For more information, please visit Sigma Designs' web site at www.sigmadesigns.com.