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For Immediate Release

Sigma Designs Announces Preliminary Approval of Derivative Settlement by Federal Court; Detailed Notice to Shareholders Filed on Form 8-K

MILPITAS, CA – Sigma Designs, Inc. (Nasdaq: SIGM) announced today that the United States District Court for the Northern District of California has granted preliminary approval of the previously disclosed settlement of shareholder derivative litigation that had been filed in connection with the Company's historic stock option practices. The proposed settlement, which will result in dismissal of both federal and state derivative lawsuits, is subject to final Court approval. The Court has set a final settlement hearing for August 8, 2008 at 9:00 a.m. in the courtroom of the Hon. Ronald M. Whyte, United States District Judge.

As required by the Court's Preliminary Approval Order, Sigma Designs is filing today with the Securities and Exchange Commission a Current Report on Form 8-K that provides shareholders with detailed notice of the terms of the proposed settlement. The notice also contains important information regarding the rights of shareholders with respect to the proposed settlement. We encourage shareholders to read the notice in its entirety. This notice can be found at www.sec.gov and is linked to the Company's investor relations web page at www.sigmadesigns.com.

Safe Harbor Statement

Statements in this press release regarding settlement of the derivative 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 final approval by the United States District Court for the Northern District of California and dismissal of the state derivative lawsuit.