

**CHARTER FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF
SIGMA DESIGNS, INC.**

(As adopted by the Board of Directors effective as of May 2010)

PURPOSE:

The purpose of the Audit Committee of the Board of Directors of Sigma Designs, Inc. (the “Company”) shall be:

- to provide oversight and monitoring of Company management and the independent auditors and their activities with respect to the Company’s financial reporting process;
- to provide the Company’s Board of Directors with the results of its monitoring and recommendations derived therefrom;
- to outline to the Board improvements made, or to be made, in internal accounting controls;
- to approve the selection, compensation, evaluation and replacement of the independent auditors to audit the Company’s financial statements and oversee the activities and independence of the auditors; and
- to provide to the Board of Directors such additional information and materials as it may deem necessary to make the Board of Directors aware of significant financial matters that require the attention of the Board of Directors.

The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors may from time to time prescribe.

MEMBERSHIP:

The Audit Committee members will be appointed by, and will serve at the discretion of, the Board of Directors, having given consideration to the recommendations, if any, from the Corporate Governance and Nominating Committee. The Audit Committee will consist of at least three members of the Board of Directors. The Board of Directors, also having given consideration to the recommendations of the Corporate Governance and Nominating Committee, shall designate a Chairman of the Audit Committee, provided that if the Board of Directors does not so designate a Chairman, the members of the Audit Committee, by a majority vote, may designate a Chairman. The Chairman (or in his or her absence a member designated by the Chairman) shall preside at all meetings of the Audit Committee.

Audit Committee members may be removed, without cause, by the affirmative vote of the majority of the Board of Directors at any time. Any Audit Committee member may resign effective upon giving oral or written notice to the Chairman of the Board, the Corporate Secretary or the Board of Directors (unless the notice specifies a later time for the effectiveness of such resignation).

Members of the Audit Committee must meet the following criteria:

1. Each member will be an independent director, in accordance with (i) the Nasdaq Stock Market, Inc. Marketplace Rules (the “Nasdaq Rules”) Audit Committee requirements, unless exempt therefrom under the NASDAQ Rules, (ii) the rules of the U.S. Securities Exchange Commission (“SEC”), unless exempt therefrom under the SEC Rules and (iii) any additional independence standards that may be established from time to time by the Board of Directors or the Corporate Governance and Nominating Committee;
2. Each member shall not have participated in the preparation of the financial statements of the Company at any time during the past three years.
3. Each member will be able to read and understand financial statements,;
4. At least one member will be an “audit committee financial expert” as defined by the rules of the SEC; and
5. At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the individual’s financial sophistication, including a current or past position as a chief executive or financial officer or other senior officer with financial oversight responsibilities.

DELEGATION TO SUBCOMMITTEE

The Audit Committee may form and delegate authority to subcommittees consisting of one or more members of the Audit Committee when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, as are provided in the resolutions of the Audit Committee, except to the extent such delegation is limited by applicable law or listing standard. The actions of any such subcommittee shall be presented to the full Audit Committee at the next scheduled Audit Committee meeting.

RESOURCES AND AUTHORITY

The Audit Committee shall have the resources and appropriate authority, without seeking the approval of the Board of Directors, to discharge its responsibilities, including the authority to retain, at the Company’s expense, outside legal, accounting or other consultants to advise the Audit Committee and to authorize or conduct investigations into any matters within the scope of its responsibilities and to approve related fees and retention terms. The Audit Committee may request any director, officer or employee of the Company, the Company’s outside counsel or independent auditors or such other persons as it deems appropriate to attend a meeting of the

Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities. The Audit Committee shall have full access to all books, records, facilities and personnel of the Company in connection with the discharge of its responsibilities.

RESPONSIBILITIES:

The responsibilities of the Audit Committee shall include:

- Providing oversight and monitoring of Company management and the independent auditors and their activities with respect to the Company's accounting, audit and financial reporting process, or those of its subsidiaries;
- Being directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including the resolution of any disagreements between management and the independent auditors regarding financial reporting), for the purpose of preparing or issuing an audit report or performing other audit review or attest services. The independent auditors shall report directly to the Audit Committee;
- Obtaining, reviewing and discussing, at least annually, a report by the independent auditors describing (i) the independent auditors' internal quality control procedures and (ii) any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the independent auditors, and any steps taken to deal with those issues.
- Reviewing any report by the independent auditors concerning: (i) all critical accounting policies and practices to be used; (ii) alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (iii) any other material written communications between the independent auditors and the Company's management.
- Reviewing and pre-approving service and fee arrangements with the independent auditors and other audit firms engaged in support of the consolidated audit;
- Reviewing and pre-approving the independent auditors' proposed audit scope, approach and independence;
- Reviewing the performance of the independent auditors, who shall be accountable to the Board of Directors and the Audit Committee, including the review and evaluation of the lead partner of the independent auditor, taking into account the opinions of management and whether there should be a rotation of the independent auditors to assure ongoing auditor independence;

- Requesting and receiving from the independent auditors a formal written statement delineating all relationships between the auditor and the Company, consistent with Independent Standards Board Standard No. 1, engaging in a dialogue with the auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors and taking or recommending the full Board of Directors take, appropriate action to oversee the independence of the independent auditors;
- Directing the Company's independent auditors to review before filing with the SEC the Company's interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
- Discussing with the Company's independent auditors the matters required to be discussed by Statement on Accounting Standard No. 61, as it may be modified or supplemented;
- Reviewing and discussing with management and the independent auditors the Company's earnings press releases, and discuss generally with management the nature of any additional financial information or earnings guidance to be provided publicly and/or to ratings agencies;
- Reviewing and discussing with management and the independent auditors the matters required to be discussed by various Statements on Auditing Standards relating to the conduct of the audit, other significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, and any other matters communicated to the Audit Committee by the independent auditors;
- Reviewing with the independent auditors any difficulties the independent auditors encountered in the course of its audit, including any restrictions on the scope of the independent auditors' activities or on access to requested information, any significant disagreements with management and management's response;
- Reviewing with management and the independent auditors, before release, the audited financial statements and Management's Discussion and Analysis in the Company's Annual Report on Form 10-K;
- Providing a report in the Company's proxy statement in accordance with the requirements of Item 306 of Regulation S-K and Item 7(e) (3) of Schedule 14A;
- Reviewing the Audit Committee's own structure, processes and membership requirements;
- Reviewing on a continuing basis the adequacy of the Company's system of internal controls and the effectiveness of the Company's disclosure controls and procedures;

- Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors;
- Reviewing management's monitoring of compliance with the Company's Standards of Business Conduct and with the Foreign Corrupt Practices Act;
- Review disclosures made to the Audit Committee by the Company's chief executive officer and chief financial officer during their certification process for periodic reports filed with the SEC about (i) any significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein, (ii) any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting or (iii) the effectiveness of the Company's disclosure controls and procedures, (iv) any change in internal control over financial reporting that may materially affect, or is reasonably likely to materially affect internal control over financial reporting;
- Reviewing, in conjunction with counsel, when necessary, any legal matters that could have a significant impact on the Company's financial statements;
- Providing oversight and review of the Company's investment policies;
- If necessary, instituting special investigations and, if appropriate, hiring independent counsel, experts or advisors to assist in carrying out its duties;
- Establishing and monitoring procedures for receiving, retaining and treating complaints regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
- Discussing with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's policies with respect to risk assessment and risk management;
- Reviewing proposed related party transactions for potential conflicts of interest and approving such related party transaction in advance;
- Reviewing any proposed waiver of the Company's code of business conduct and ethics and make a recommendation to the Board of Directors with respect to the disposition of any proposed waiver; and
- Reviewing and reassessing the adequacy of this Charter annually and recommending any proposed changes to the Board of Directors. The Audit Committee also must undertake an annual evaluation assessing its performance with respect to its duties and responsibilities set forth in this Charter, which evaluation shall be reported to the Corporate Governance and Nominating

Committee. The self-assessment shall be conducted in such manner as the Audit Committee deems appropriate; and

- Performing such other duties as may be requested by the Board of Directors.

MEETINGS:

The Audit Committee will meet at least quarterly to carry out its duties as set forth herein. The Audit Committee may establish its own schedule, which it will provide to the Board of Directors in advance.

The Audit Committee will meet separately with the independent auditors as well as members of the Company's management as it deems appropriate in order to review the financial controls of the Company.

MINUTES:

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

REPORTS:

Apart from the report prepared pursuant to Item 306 of Regulation S-K and Item 7(e) (3) of Schedule 14A, the Audit Committee will summarize its examinations and recommendations to the Board in written form from time to time as may be appropriate, consistent with the Committee's charter.

Clarification of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, the Audit Committee's role is one of oversight. It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors. In adopting this Charter, the Board of Directors acknowledges that the Audit Committee members are not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditors' work or auditing standards. Each member of the Audit Committee is entitled to rely on the integrity of those persons and organizations within and outside the Company that provide information to the Audit Committee and the accuracy and completeness of the financial and other information provided to the Audit Committee by such persons and organizations absent actual knowledge to the contrary.