

SIGMA DESIGNS, INC.
COMPENSATION COMMITTEE CHARTER

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

Purpose

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board of Directors*”) of Sigma Designs, Inc. (the “*Company*”) shall be to assist the Board of Directors in meeting its responsibilities with regard to oversight and determination of executive compensation and to review and make recommendations to the Board of Directors with respect to major compensation plans, policies and programs of the Company.

Membership

The Committee shall consist of at least two members of the Board of Directors, with the exact number to be determined by the Board of Directors, and shall be appointed from time to time by the Board of Directors having given consideration to the recommendations, if any, from the Nominating and Corporate Governance Committee. Also having given consideration to the recommendation of the Nominating and Corporate Governance Committee, if any, the Board of Directors shall designate a Chairman of the Committee, provided that if the Board of Directors does not so designate a Chairman the members of the 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 Committee.

Committee members may be removed, without cause, by the affirmative vote of the majority of the Board of Directors at any time. Any 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).

Each member of the Committee shall meet the independence standards that may be established from time to time by The NASDAQ Stock Market (“*Nasdaq*”), as well as any independence standards that may be established from time to time by the Board of Directors or the Nominating and Corporate Governance Committee. In addition, each member shall qualify as an “outside director” as such term is defined in Section 162(m) of the Internal Revenue Code of 1986 and the regulations promulgated thereunder, or any successor provisions thereto, and as a “non-employee director” as such term is defined in Section 16 of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, or any successor provisions thereto.

Resources and Authority

The Committee shall have the resources and appropriate authority, without seeking Board of Directors approval, to discharge its responsibilities, including the authority to select, retain, terminate and approve, at the Company’s expense, outside compensation, legal, accounting or other consultants to advise the 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 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 Committee or to meet with any members of, or consultants to, the Committee. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities. The Committee shall have full access to all books, records, facilities and personnel of the Company in connection with the discharge of its responsibilities.

Delegation to Subcommittee

The Committee may form and delegate authority to subcommittees consisting of one or more members of the Committee when appropriate, as are provided in the resolutions of the 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 Committee at the next scheduled Committee meeting.

Duties and Responsibilities

The following shall be the common recurring duties and responsibilities of the Committee in carrying out its oversight function. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable law, regulation or listing standard.

The Committee shall:

Review and approve the compensation, terms and condition of employment of the Chief Executive Officer ("CEO") and the other executive officers, including providing necessary determinations in connection with executive compensation to qualify for tax deductions in excess of the limitations under Section 162(m) of the Internal Revenue Code.

Evaluate the performance of the executive officers of the Company at least annually and communicate the results to the Board of Directors and to the CEO.

Based on the evaluations referred to above, establish and approve the compensation levels for the CEO and the other executive officers of the Company, including, as applicable, (i) base salary, (ii) bonus, (iii) long-term incentive and equity compensation, and (iv) any other compensation, perquisites, and special or supplemental benefits. In determining the CEO's compensation, the Committee shall consider any information it deems relevant, including but not limited to, the Company's performance and relative stockholder return.

Determine, within the parameters that may be established by the independent and disinterested members of the entire Board of Directors, the provisions of any contracts for the CEO and other executive officers of the Company that will govern the situation in which severance payments will be due upon change in control situations.

Administer the stock and other equity-based compensation plans of the Company (other than with respect to stock option grants to members of the Board of Directors, which shall be considered by the entire Board of Directors) in accordance with the terms of such plans and provide necessary approval in order to qualify the Company's equity compensation plans for various exemptions that may be established by the Securities and Exchange Commission ("SEC") under Section 16 of the Securities Exchange Act of 1934.

Oversee the administration of the Company's other employee benefit plans.

Maintain sole discretionary authority to interpret provisions of the Company's executive compensation plans.

Establish all rules necessary or appropriate for implementing and conducting the Company's executive compensation plans.

Determine, as applicable in connection with the Company's stock plans, such matters as eligibility for participation; persons to receive awards; the amount, form and other terms and conditions of awards; the form of agreements pertaining to such awards; the manner and form of deferral elections; or, when appropriate, the authorization of the Company's purchase of its stock for allocation to the accounts of persons to whom awards have been made under such plans. Nothing contained in this bullet shall be construed to limit the powers of the Board of Directors to administer the Company's stock plans.

Review the Company's incentive compensation and other equity-based plans and practices and recommend changes in such plans and practices to the Board of Directors.

Approve equity compensation plans and the grant of equity awards not subject to stockholder approval under applicable listing standards.

Make recommendations to the Board of Directors regarding the fees and other compensation to be paid to members of the Board of Directors for their service as directors and as members of committees of the Board of Directors.

Review and discuss with management the Company's Compensation Disclosure and Analysis ("CD&A"), and based on that review and discussion, recommend to the Board of Directors whether the Company's CD&A should be included in the Company's annual proxy statement or annual report on Form 10-K.

Prepare the Compensation Committee report as required by rules of the SEC for inclusion in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.

Review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board of Directors. The Committee also shall undertake a periodic evaluation assessing its performance with respect to its duties and responsibilities set forth in this Charter, which evaluation shall be reported to the Board

of Directors. The self-assessment shall be conducted in such manner as the Committee deems appropriate.

Make regular reports on the activities of the Committee to the Board of Directors.

Periodically evaluate whether there are any risks arising from the Company's compensation policies for all employees and overall actual compensation practices which are reasonably likely to have a material adverse effect on the Company, and recommend to the Board of Directors any changes deemed appropriate by the Compensation Committee.