

INFORMATION ABOUT PLAN OF LIQUIDATION DISTRIBUTIONS

WHAT WAS THE AMOUNT OF THE INITIAL DISTRIBUTION?

On July 20, 2018, the company announced its Board of Directors approved an initial distribution of \$6.00 per share to its shareholders of record as of the close of business on July 31, 2018.

A copy of the press release can be found in the Investor Relations Section of the Company's website:

[Sigma Designs Announces Plan for Initial Distribution of \\$6.00 per Share to Shareholders in Connection with Its Voluntary Plan of Liquidation and Dissolution](#)

WHEN WILL THE INITIAL DISTRIBUTION BE MADE?

The distribution will be initiated on August 14, 2018, which is the payment date for the distribution.

WILL THERE BE FUTURE DISTRIBUTIONS?

As noted in the press release issued on July 20, 2018, after paying this initial distribution, the Company believes it will have approximately \$15 million to \$20 million in cash and cash equivalents remaining to pay further wind-down related expenses and satisfy potential claims. To the extent that these funds are not exhausted, Sigma Designs expects to use residual funds to make further distributions to its shareholders. Total aggregate distributions, which includes the initial distribution, will fall within the range of \$240 million and \$255 million, with the expected share count to be approximately 40 million shares.

WHO HAS SIGMA ASSIGNED TO BE THE PAYING AGENT?

Sigma Designs has appointed Computershare to serve as the Company's paying agent. Below is the contact information for Computershare:

Computershare
Attn: Corporate Actions
P.O. Box 505004
Louisville KY 40233-5004
Phone: 1-800-546-5141

WHAT IS THE RECORD DATE FOR THE SPECIAL DISTRIBUTION?

The shareholders of record was set at the close of business on July 31, 2018.

WILL I RECEIVE A DISTRIBUTION FROM THE COMPANY IF I PURCHASED THE SHARES AFTER THE RECORD DATE?

The Company will pay distributions to shareholders of record as of the record date of July 31, 2018. In order to receive a distribution payment from the Company, you must be a shareholder of record as of the record date for the distribution. Generally, this means that if you are a new shareholder in Sigma, your purchase of shares must settle on or before the record date.

WHEN IS THE EX-DIVIDEND DATE (EX-DIV DATE)?

Since this is a special distribution, Nasdaq has set the ex-dividend date as the day after the payment date for the initial distribution, or August 15, 2018. Therefore, Sigma's common stock will start trading on an ex-dividend basis beginning on August 15, 2018. Shareholders who sell their shares prior to the ex-dividend date of August 15, 2018 will also be selling the right to the special distribution.

A shareholder of record as of the record date who sells shares prior to the ex-dividend date of August 15, 2018 would receive a distribution payment from the Company on the payment date (since the shareholder was a record holder as of the record date), but may be required to remit the distribution to the purchaser of such shares (since they were sold to the purchaser prior to the ex-dividend date). Sigma Designs cannot guarantee any particular result with respect to the payment or receipt of the distribution or rights with respect to the distribution, and Sigma Designs' only responsibility with respect to the distribution is to pay the distribution to the record holders as of the record date. Sigma Designs takes no responsibility for sales or purchases of its common stock at any time before, on, or following the record date or the ex-dividend date. Shareholders are advised to contact their financial advisors and/or brokers before selling their shares.

IS THE DISTRIBUTION A TAXABLE EVENT FOR SHAREHOLDERS?

As noted in the Company's proxy filing on March 19, 2018:

Tax Consequences to U.S. Holders

If the Company liquidates pursuant to the Plan of Liquidation, U.S. holders may receive one or more Liquidating Distributions, including a deemed distribution of cash or other property. A U.S. holder's gain or loss will be computed on a "per share" basis so that gain or loss is calculated separately for blocks of Company Common Stock acquired at different dates and different prices. Each Liquidating Distribution will be allocated proportionately to each share of Company Common Stock owned by a U.S. holder. Gain will be recognized in connection with a Liquidating Distribution only to the extent that the aggregate value of all Liquidating Distributions received by a U.S. holder with respect to a share exceeds the U.S. holder's tax basis for that share. If the amount of the Liquidating Distributions is less than the U.S. holder's basis in the Company Common Stock, the U.S. holder will generally recognize a loss in the year the final Liquidating Distribution is received.

Tax Consequences to Non-U.S. Holders

If the Company liquidates pursuant to the Plan of Liquidation, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon receipt of Liquidating Distributions unless (i) the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable), or (ii) the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX CONSEQUENCES RELEVANT TO COMPANY SHAREHOLDERS. THE TAX CONSEQUENCES OF ANY DISTRIBUTIONS ON SIGMA COMMON STOCK MAY VARY DEPENDING UPON THE PARTICULAR CIRCUMSTANCES OF EACH SHAREHOLDER. YOU SHOULD CONSULT YOUR TAX ADVISOR CONCERNING THE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES TO YOU OF ANY DISTRIBUTIONS ON SIGMA COMMON STOCK, INCLUDING THE CONSEQUENCES OF RECENTLY ENACTED U.S. FEDERAL INCOME TAX LEGISLATION INFORMALLY REFERRED TO AS THE TAX CUTS AND JOBS ACT.

WILL SIGMA DESIGNS STOCK CONTINUE TO TRADE ON THE NASDAQ AFTER THE INITIAL DISTRIBUTION?

Sigma Designs plans to voluntarily delist its common stock from the NASDAQ Stock Market by filing a Form 25 with the Securities and Exchange Commission on or shortly after the ex-dividend date for this initial distribution. Sigma expects that the delisting of its common stock from the NASDAQ Stock Market will become effective approximately 10 days after it files the Form 25. After the delisting becomes effective, Sigma's common stock will no longer be listed on NASDAQ, and it may be quoted on the OTC markets. However, there can be no guarantee that Sigma's common stock will be quoted or traded on the OTC markets.

WILL THE REMAINING COMPANY BE MOVED INTO A LIQUIDATING TRUST AFTER THE INITIAL DISTRIBUTION?

No. The Company will continue the process of winding up and liquidating after the initial distribution according to its Plan of Liquidation. The Company may ultimately move into a liquidating trust as part of the Plan of Liquidation and Dissolution, but it anticipates making at least one additional distribution before doing so. The timing and amount, if any, of any subsequent distributions will be dependent upon a number of factors, including, but not limited to, claims made by vendors, customers, or other parties, The Company's ability to defend and settle those claims, final tax amounts for the Company and its various subsidiaries, wind down expenses, and the establishment of any necessary reserve amounts in connection with the final dissolution.

HOW WILL I RECEIVE FURTHER NOTIFICATIONS ON SUBSEQUENT EVENTS?

Sigma may make public announcements to provide its shareholders updates on the status of the Plan and subsequent distributions, if any, to the extent required under applicable securities laws or in its discretion. Information on SEC filings is available in the Investor Relations section of the company's website at [Sigma Designs SEC filings](#), or on the SEC website at <http://www.sec.gov>.

However, Sigma's current intention is to take necessary actions to suspend its filing obligations under the Securities Exchange Act of 1934. To the extent Sigma is able to suspend its filing obligations under securities laws, it would not intend to continue filing reports under such securities laws with the SEC, and shareholders would have limited access to information about the Company other than through press releases and materials posted to its website.

WHO DO I CONTACT IF I HAVE QUESTIONS ABOUT MY SHARE STATUS?

For questions about your share status please contact the Company's Transfer Agent, Computershare. Contact details are below.

Shareholder website

www.computershare.com/investor

Shareholder online inquiries

<https://www-us.computershare.com/investor/Contact>

Customer Service by Phone:

Domestic callers: 1-877-868-8024

International Callers: 1-201-680-6578

Regular mail:

Computershare

PO Box 505005

Louisville, KY 40233-5005

Attention: Client Services

Overnight correspondence should be sent to:

Computershare

462 South 4th Street, Suite 1600

Louisville, KY 40202

Attention: Client Services

INFORMATION FOR SHAREHOLDERS HOLDING PHYSICAL CERTIFICATES:

For those shareholders who hold physical certificates for their shares of Sigma common stock (“Certificate Holders”), checks for each Distribution are mailed to the Certificate Holders’ latest mailing address on file with the Company’s Paying Agent. Certificate Holders should contact the Paying Agent (contact information above) if they do not receive a check or if they need to make any changes to their addresses or accounts.

INFORMATION FOR SHAREHOLDERS HOLDING IN “STREET NAME”:

For shareholders whose shares of Sigma Designs common stock are held in “Street Name” at a brokerage firm (“Street Name Holders”), the aggregate amount of funds required for the Distribution to the Street Name Holders are sent to DTC (Depository Trust Company). DTC then wire transfers to each of the brokerage firms involved the funds necessary for the brokerage firms to deposit the Distribution into the Street Name Holders’ brokerage accounts where SIGMA shares of common stock are held. Street Name Holders should contact their brokerage firms if they have any questions regarding the receipt, processing and/or timing of the Distribution.

Forward Looking Statements

This Frequently Asked Questions document contains forward-looking statements (including within the meaning of Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended). These statements include, but are not limited to, the anticipated timing and amount of the initial cash distribution to shareholders, the possibility of additional distributions to shareholders, the amount of available cash for distribution to shareholders, the amount of cash that will continue to be held by Sigma, the anticipated timing of the filing and effectiveness of the Form 25 to delist Sigma’s common stock, the expectation that Sigma’s common stock will be quoted on the OTC markets following effectiveness of the Form 25, and other statements identified by words such as “will”, “expect”, “intends”, “believe”, “anticipate”, “estimate”, “should”, “intend”, “plan”, “potential”, “predict” “project”, “aim”, and similar words, phrases or expressions. These forward-looking statements are based on current expectations and beliefs of the management of Sigma Designs, as well as assumptions made by, and information currently available to, such management, and involve risks and uncertainties, many of which are beyond Sigma’s and its management’s control, and which may cause actual results to differ materially from those contained in forward-looking statements. Accordingly, you should not place reliance on such statements.

Particular uncertainties that could materially affect future results include any risks associated with the proposed completion of Sigma’s Plan of Liquidation and Dissolution, such as: (1) uncertainties as to the timing and expense related to remaining liquidation and shut down activities, which could affect the distribution or future distributions; (2) unexpected claims of third parties that have not yet been presented to Sigma; (3) unexpected costs, charges or expenses realized in the process of winding down, (4) the ability of Sigma to ensure that sufficient cash is available for distribution to shareholders in accordance with its plans; (5) the ability for shareholders to trade the common stock of Sigma on the OTC markets following delisting from NASDAQ, and (6) the ability for shareholders to access information

about Sigma following the time that Sigma's obligations to file reports with the SEC have been suspended.

The foregoing review of important factors that could cause actual events to differ from expectations should not be construed as exhaustive and should be read in conjunction Sigma Designs' filings with the Securities and Exchange Commission ("SEC"), which you may obtain for free at the SEC's website at <http://www.sec.gov>, and which discuss additional important risk factors that may affect their respective businesses, results of operations and financial conditions. Sigma Designs undertakes no intent or obligation to publicly update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.