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Freebox Offers The Most Powerful Set-top Boxes In Europe Based On Media Processors From Sigma Designs

Sigma's industry leading SMP8630 series media processors enable new features in IPTV set-top boxes

MILPITAS, Calif. and FRANCE – May 30, 2006 – Sigma Designs (Nasdaq: SIGM), a leader in digital media processing for consumer electronics and Freebox (a member of the Iliad group), today jointly announced that the new Freebox HD is the first set-top box in Europe to take advantage of Sigma's industry leading SMP8635 media processor. Freebox's new high-definition set-top box is now shipping in France by ISP provider Free, both members of the Iliad group.

The new Freebox offering consists of two set-top boxes, a multimedia box called HD Freebox and a network box called ADSL Freebox. This innovative new series is the fruit of two years' research and development work, and integrates all the most advanced technologies including ADSL 2+, high-definition television, WiFi MIMO, a DTT tuner, mobile telephony over WiFi and a number of other functionalities.

For receiving IPTV video services, the HD Freebox contains an SD and HD decoder - a DTT tuner which can be used to access the 18 DTT channels, including TF1 and M6, SCART, S-Video and composite S-video connectors, an HDMI connector to connect an HD-Ready television, an S/P-DIF and digital audio output to connect a hi-fi, and three antennas for wireless connection to the ADSL box. The new HD Freebox and ADSL Freebox are available now and being issued to new subscribers immediately.

“We have yet again demonstrated our technology leadership by providing innovative products that offer industry leading features,” said Xavier Niel, deputy chairman of the board of directors and chief strategy officer of the Iliad Group. “Sigma's SMP8635 is the most powerful media processor on the market and provides the silicon power behind our high-definition video decoding and other multimedia features.”

The new HD Freebox and ADSL Freebox are now being deployed by Free, the rapidly growing broadband ISP operator in France and sister company to Freebox within the Iliad group. Free was the first operator to provide broadband television services, broadband telephone services, and triple play services to the French market. Continuing with their trend of innovation, Free is now offering improved triple-play communication services and the first high-definition IPTV video services in Europe.

Rejecting the offerings from established equipment manufacturers, the Iliad group built its own set-top box to deliver Internet, voice, and TV services and designed its own DSLAMs to direct traffic into and out of subscribers' homes. The company uses open source Linux software to write its own programs for Internet TV and was one of the first companies in the world to offer Internet TV in December 2003.

“We are very excited to be part of the Freebox HD product, and working together with one of the most innovative and aggressive providers in the world,” said Ken Lowe, vice president of strategic marketing for Sigma Designs. “This product combines a world-class media processor with well integrated communications, and our combined libraries and expertise for Linux-based implementation.”

Free reached the end of March 2006 with 1.8 million subscribers and expects to have over 2 million subscribers by the end of this year. The charge for the Free broadband package remains unchanged at €29.99 per month, with the Freebox provided free of charge throughout the duration of the subscription. This means that customers can make even more savings on their household bills, because, as part of the inclusive package (Internet, telephone service, television, telephone line rental, unlimited calls to landline phones in mainland France and to 14 international destinations, and mobile telephony), they will also be provided with all their equipment (ADSL2+ modem, HDTV decoder, DTT tuner, Mediacenter, WiFi MIMO, multi-device tuner).

About the SMP8634

Sigma's SMP8634 media processor provides a complete system-on-chip (SOC) solution with powerful multimedia processing, robust content security system, and a full complement of peripherals. Its advanced decoder engines support video decoding of H.264 (MPEG-4 part 10), VC-1 (as well as Windows Media® Video 9, MPEG-2 and MPEG-4 (part 2) with multiple streams, up to the equivalent of two high-definition video streams. High-performance graphics acceleration, multi-standard audio decoding, advanced display processing capabilities, and HDMI/HDCP output round out its multimedia core. Powerful content security is ensured through a dedicated secure processor, flash memory, and a range of digital rights management (DRM) engines for high-speed payload decryption. The SMP8634's 300-Mhz host CPU, 3.2 GB/second unified memory controller, Ethernet 10/100 controller, dual USB 2.0 controller, and IDE controller provide for a single-chip solution for most set-top boxes and consumer players.

Safe Harbor Statement

This press release may contain forward-looking statements, including statements about the projected timing and extent of customer shipments as well as the expected use of Sigma's MPEG decoder products. Actual results could vary from those projected in the forward looking statements as a result of various factors, including worldwide economic conditions, changes in the customer's ability or desire to complete the roll-out, consumer reaction to the new products and services being offered, the ability of Sigma to deliver sufficient quantity and quality of MPEG decoder chips, prices for the Sigma chips, alternative offerings by competitors, and the ability of the parties to work together successfully to achieve the rollout.

About Sigma Designs, Inc.

Sigma Designs (Nasdaq: SIGM) specializes in silicon-based media processors for IPTV set-top boxes, digital media receivers, high definition DVD players, HDTV, and portable media players. The company's award-winning REALmagic[®] Video Streaming Technology is used in a variety of consumer applications providing highly integrated solutions for high-quality decoding of H.264, WMV9, MPEG-4, MPEG-2 and MPEG-1. Headquartered in Milpitas, Calif., the company also has sales offices in China, Europe, Hong Kong, Japan, Korea and Taiwan. For more information, please visit the company's web site at www.sigmadesigns.com/.

About Free and Freebox

Free and Freebox are subsidiaries of Iliad. The Iliad Group is a major player in the Internet and telecommunications markets in France through its subsidiaries Free (the leading alternative broadband operator), One.Tel and Iliad Telecom (fixed telephony operators) and Kertel (prepaid phone cards), as well as IFW (wireless local loop). The Iliad Group was established in 1991 and currently has more than 1,000 employees. The Iliad Group is listed on the Euronext Paris Eurolist under the mnemonic code ILD.

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