

Sigma Signs Definitive Agreement for Acquisition of Zensys

Wireless Start-up Markets Widespread RF Standard for IP-based Home Control Including Energy Management and Entertainment Appliances

MILPITAS, Calif.--([BUSINESS WIRE](#))--Sigma Designs (Nasdaq:SIGM), a leader in digital media processor SoC's for consumer electronics, today announced that it has signed a definitive agreement to acquire Zensys Holdings Corporation, a wireless start-up company. Zensys, headquartered in Fremont, California, is an innovative developer of single-chip RF solutions called Z-Wave® that has already been designed into over 250 smart home products world-wide.

Consumers throughout the world have been embracing an increasing number of devices placed under electronic control in their homes. As more of these disparate devices come into the home, the various types of technologies used by manufacturers have provided limited interoperability, creating a confusing landscape for the consumer. Moving to the next generation, home products are trending toward more intelligent solutions that are interoperable as well as accessible through the Internet. Although wireless RF is commonly regarded as the base technology for these next generation home products, there is a need for a universal RF standard that establishes a common protocol for remote control and monitoring coupled with a simple, low-cost RF implementation that enables widespread use.

In response to this market situation, Zensys has developed Z-Wave®, a solution designed to provide manufacturers with an intelligent and interoperable standard that has been incorporated into over 250 household products by more than 60 world-class suppliers. Z-Wave® establishes a wireless mesh network that transforms virtually any electronic device into an intelligent networked device that can be controlled and monitored wirelessly, and can seamlessly interact with other home devices and systems. These networked devices can then be accessed through a gateway or set-top box to enable Internet based monitoring and control of the entire range of devices in the home. The devices are implemented using a family of low-cost, low-power integrated RF transceiver chips embedded with Z-Wave®, along with a suite of development tools and services designed to make it easy to create compelling wireless consumer products. These products include home audio/video entertainment, lighting and appliance control, energy management, access and security control, and building automation, among others.

Zensys was founded in 1999 to develop wireless solutions for the emerging home automation and remote control markets. Over its 10-year history, Zensys has developed a line of RF transceiver chips and the Z-Wave® wireless mesh network ecosystem, which has been designed into more household products than any other competing standard. The Z-Wave® Alliance, an industry consortium founded by Zensys, administers and promotes this standard. Zensys is currently shipping over a million RF transceiver chips per year into a widening range of consumer devices.

Upon completion of the acquisition, Zensys' headquarters will be physically merged into the headquarters of Sigma Designs in the neighboring city of Milpitas. Zensys also has an R&D center located in Copenhagen, Denmark, housing all engineering and operations personnel, which will remain in place. The group currently employs 33 people, 23 of which are engineers.

"The Zensys acquisition provides a very attractive business and technology addition for Sigma at multiple levels," said Think Tran, chairman and CEO of Sigma Designs. "First, the Zensys family of consumer chips will add a new layer of revenue growth for Sigma. Second, we believe this class of extremely efficient and low cost RF technology will become pervasive in many more types of future home products. Finally, we see a strong synergy with our set-top box offerings as the world moves toward IP-based video delivery and providers are able to establish platform extensions for additional services."

Under the terms of the merger agreement, Sigma Designs will make an undisclosed cash payment for the acquisition of Zensys. The acquisition is subject to various standard closing conditions and is expected to close by the end of December.

Safe Harbor Statement

This press release contains 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, including statements regarding trends in household products, the anticipated benefits of the proposed acquisition of Zensys and the consummation of the acquisition. Actual results may vary materially due to a number of factors including, but not limited to, Sigma's ability to effectively integrate an acquired business and technologies, worldwide economic conditions, consumer reaction to new products and services being offered by Sigma as a result of the acquisition, and alternative offerings by competitors. Other risk factors are detailed from time to time in Sigma's SEC reports, including its quarterly report on Form 10-Q as filed December 11, 2008. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Sigma undertakes no obligation to publicly release or otherwise disclose the result of any revision to these forward-looking statements that may be made as a result of events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

About Sigma Designs, Inc. Sigma Designs is a leading fabless provider of highly integrated system-on-chip, or SoC, solutions that are used to deliver multimedia entertainment throughout the home. Sigma's SoC solutions combine its semiconductors and software and are a critical component of multiple high-growth, consumer applications that process digital video and audio content, including internet protocol TV, or IPTV, high definition DVD players, high definition TVs, or HDTVs, and portable media players. Headquartered in Milpitas, Calif., Sigma Designs also has sales representatives in the United States, Belgium, China, Japan and Taiwan and sells its products through a third-party distributor in Korea. For more information, please visit Sigma Designs' web site at www.sigmadesigns.com.

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