

## **SigmaTel Expands IP Licensing Program with Acquisition of Original MP3 Player Patents; Newly Expanded Global Licensing Strategy Targeted at MP3 Silicon and MP3 Player Manufacturers**

AUSTIN, Texas--(BUSINESS WIRE)--Jan. 3, 2006--SigmaTel, Inc. (NASDAQ:SGTL), a leader in mixed-signal multimedia semiconductors, today announced the expansion of its Intellectual Property (IP) licensing program. The program, which was initially launched to focus on the European market, has now been expanded to focus on IP licensing on a global scale. The licensing program is focused on IP used in MP3 players or in portable audio System on Chip (SoC) solutions for MP3 players and covers patents that SigmaTel has been awarded or has acquired in China, Korea, Europe and the United States. To implement the licensing program in China, SigmaTel has retained Deacons, a highly regarded law firm, which has successfully represented other companies in the enforcement of Chinese patents.

A major driver of the global expansion of the SigmaTel IP licensing program is a recently acquired patent family that came from the original MP3 player design work by Messrs. Moon and Hwang in 1997 and earlier, who assigned their patent rights to Saehan and DigitalCast, respectively. Prior to SigmaTel's acquisition of this patent family, the patents most recently were held by MPMan.com and by Digital Networks North America. The patent family is made up of issued patents in Korea (Patent No. 287366), China (Patent No. 98114958.8), and the United States (Patent No. 6,629,000). Pending applications also exist in the U.S. and Europe. Based on these patents, designers and manufacturers of MP3 players covered by the patents may be asked for royalties by SigmaTel. These royalties could be based on sales of MP3 players in all of the countries where the patent is issued and/or pending.

"SigmaTel continues to aggressively protect its expanding portfolio of intellectual property," said Ron Edgerton, SigmaTel's president and CEO. "The newly acquired Moon-Hwang patents provide SigmaTel with the necessary IP to expand the licensing program on a global scale. SigmaTel will be targeting companies manufacturing MP3 players in China or distributing MP3 players in the United States who infringe SigmaTel's patents."

In the next few weeks, SigmaTel will be filing several additional patent applications based on the pending applications in the United States and Europe. These applications will attempt to secure protection for the various features of the MP3 player disclosed in the original patent application. Of particular interest, the original patent discloses downloading music from a "data vending machine" to the portable music player over a communications network. This and other features could form the base of an expanded patent family which covers much more than a stand-alone MP3 player.

SigmaTel will not seek royalties for the sale of players which contain MP3 semiconductors purchased from SigmaTel or one of its distributors. SigmaTel will instead focus on products from other MP3 manufacturers and MP3 semiconductor developers which may include SigmaTel intellectual property in their product designs. SigmaTel intends to attempt in all cases to first employ its licensing strategy, but will not hesitate to resort to legal action if MP3 player and silicon manufacturers decline to participate in the program.

"The Moon-Hwang patents are the seminal intellectual property of the MP3 player market. The patents were granted to the individuals who invented the MP3 player, and those patents are now the property of SigmaTel," continued Edgerton. "SigmaTel encourages all MP3 retailers and manufacturers to review these patents before selling any MP3 players. For instance, willful infringement of the US patent could result in treble damages. Also, any company manufacturing MP3 players in China should consider the impact of Chinese Patent 98114958.8."

SigmaTel's continued success is based in large part on protecting its intellectual property and innovating new technologies. SigmaTel protects its innovations by filing numerous patent applications and has added intellectual property via recent acquisitions, complementing its internally developed intellectual property holdings. SigmaTel has 55 issued patents and another 148 in process in the US Patent office. The company also has 17 patents registered in the European Union and 11 patents registered in the Asia Pacific region. Please visit <http://www.sigmatel.com/products/patent.html>, for specific patent information.

For more information on SigmaTel, please visit [www.sigmatel.com](http://www.sigmatel.com).

About SigmaTel:

SigmaTel, Inc. a fabless semiconductor company headquartered in Austin, Texas, designs, develops, and markets proprietary, analog intensive, mixed-signal ICs for a variety of digital multimedia products in the consumer electronics and computing markets, including portable compressed audio players, such as MP3 players, notebook and desktop PCs, digital video

cameras, multi-function peripheral products, digital televisions, and set-top boxes. SigmaTel provides complete, system-level solutions that include highly-integrated ICs, customizable firmware and software, software development tools, reference designs, and applications support. The Company's focus is on providing system-level solutions that enable customers to rapidly introduce and offer electronic products that are small, light-weight, power-efficient, reliable, and cost-effective. SigmaTel is ISO 9001:2000 certified and is committed to providing customers with high performance, quality products along with superior customer service.

Cautionary Language:

This press release contains forward-looking statements based on current SigmaTel expectations. The words "expect," "will," "should," "would," "anticipate," "project," "outlook," "believe," "intend," and similar phrases as they relate to SigmaTel or future events are intended to identify such forward-looking statements. These forward-looking statements reflect the current views and assumptions of SigmaTel, but are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. A number of important factors could cause actual results to differ materially from those in the forward-looking statements, and there will be events in the future that SigmaTel is not able to accurately predict or control. For a discussion of factors that could impact SigmaTel's financial results and cause actual results to differ materially from those in the forward-looking statements, please refer to recent SigmaTel filings with the SEC, particularly the Form 10-K that was filed on February 8, 2005 and the Form 10-Q that was filed on November 10, 2005.

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