

news release

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NEOMAGIC (R) CORPORATION ANNOUNCES NEW PARTNERSHIP BETWEEN MERCADOMAGICO.COM AND CBS OUTDOOR TO IMPROVE AND EXPAND MARKETING EFFORTS.

San Jose, California – October 04, 2013, NeoMagic Corporation (NMGC.PK), the pioneer of embedded memory and logic technology, today announced a new partnership.

MercadoMagico.com has partnered with CBS Outdoor, a division of the CBS Corporation (CBS), and one of the leading outdoor media companies in the world to generate and strategically deploy MercadoMagico Out Of Home (OOH) promotional ads. MercadoMagico will be targeting the initial phase of the CBS Outdoor OOH transit promotional ads in the greater New York area.

Moreover, MercadoMagico has implemented Google Shopping, a CSE (Comparison Shopping Engine), the largest and most known comparison shopping engine. The deployment of Google Shopping will allow MercadoMagico shoppers to compare each retailer's price, and shipping options on a single page.

Also, to further aid potential customers in finding the right product at the right price, MercadoMagico has also embedded TheFind TM, a proprietary and state-of-the-art targeted search tool that gives every product, every sale, every coupon and discount directly to the customer at checkout via conventional PC platforms or a smartphone application.

From its inception MercadoMagico.com has significantly added the numbers of sellers and buyers; and to further accelerate its growth MercadoMagico is currently redesigning their website to be more aesthetically appealing, intuitive, user friendly, functional, and to provide more seller features.

Additionally, MercadoMagico is hiring additional staff to support its Marketing and Customer Service.

NeoMagic continues to maintain its core business with shipments of its current product line of MiMagic3 application processors. The Company also continues to focus on identifying new opportunities for its MiMagic 6+ and MiMagic 3 products.

About NeoMagic

NeoMagic designs and delivers consumer electronic device solutions with semiconductors and software for video, television, imaging, graphics, and audio. We provide low cost, innovative chip technology for tomorrow's entertainment and communication needs. Our solutions offer low power consumption, small form-factor and high performance processing. As part of our complete system solution, we deliver a suite of middleware and sample applications for imaging, video and audio functionality, and we provide multiple operating system ports with customized drivers for our products. Our product portfolio includes semiconductor solutions known as applications processors. Our applications processors are sold under the "MiMagic" brand name with a focus on enabling high performance processor within a low power consumption environment. The Company has developed the Horizon Digital Picture Frame kit using our MiMagic 6+ application processor.

Our capabilities give our partners and their customers' high quality answers to excite and enhance the consumer's lifestyle. For more information, visit www.neomagic.com.

NeoMagic owns and operates <http://www.MercadoMagico.com>

MercadoMagico is a registered trademark.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve significant risks and uncertainties. Such statements may include, without limitation, statements with respect to the Company's plans, objectives, projections, expectations and intentions and other statements identified by words such as "projects," "may," "could," "would," "should," "believes," "expects," "anticipates," "estimates," "intends," "plans," or similar expressions. These statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties, including those detailed from time-to-time in the Company's filings with the Securities and Exchange Commission, including our Form 10-K's, 10-Q and 8-K's for 2007 through the date of October 31, 2010 hereof have been made available to the Investor at www.sec.gov. Information for the period ending January 30, 2011 to the present is not available through the SEC due to the cessation of the Company's required filings under the 1934 Act. Actual results, including, without limitation, the Company's ability to successfully raise capital may differ significantly from those set forth in the forward-looking statements. Forward-looking statements involve risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company's control). For example, statements about our expectations in connection with financings are subject to a variety of uncertainties and are

subject to change as a result of changes in circumstances that could make it difficult for us to consummate such financings on terms acceptable to the Company, or at all. The Company undertakes no obligation to update any forward-looking statements, except as provided for by law.

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