

news release

Investor Relations Information:

Rod Peterson

NeoMagic Corporation

Vice President, Administration and Information

(408) 428-9725

NEOMAGIC (R) CORPORATION SIGNED LOI WITH A LATIN AMERICAN INVESTORS GROUP ("LAIG") TO LAUNCH MERCADOMAGICO.COM E-COMMERCE SITES IN VENEZUELA, PERU AND COLUMBIA.

San Jose, California – March 18, 2013, MercadoMagico.com, a division of NeoMagic Corporation (Pink: NMGC), today announced it has signed a Letter of Intent (LOI) with a Latin American Investors Group ("LAIG") led by Gustavo Rodriguez, to launch MercadoMagico e-commerce sites in Venezuela, Peru and Columbia (www.mercadomagico.com.ve, www.mercadomagico.com.co, www.mercadomagico.com.pe). These three sites will be operated and maintained by ("LAIG") and MercadoMagico.com US will provide guidance and support. All these sites including the US main site www.MercadoMagico.com, will provide links to each other and work in collaboration.

"We are very excited with this engagement and are looking forward to building a solid e-commerce platform and ecosystem internationally, and expanding MercadoMagico business and name brand," said David Tomasello, Chairman of NeoMagic Corporation. He continued, "This will be our first and significant step in the fast growing Latin on-line and e-commerce market outside of the United States." NeoMagic owns MercadoMagico domains that are available for further expansion in Latin markets including Europe and other countries of Latin America.

Since the launch of the multi-vendor site, MercadoMagico.com has significantly increased the number of product categories, signed several new vendors and the list is growing. MercadoMagico.com now offers thousands of products, that also include unique and competitively priced items.

MercadoMagico.com is offering free vendor sign up and has improved several of its e-commerce tools for Sales Report generation views, Sales tracking, Powerful Search Engine and much more.

For more information, please contact Investor Relations at IR@neomagic.com

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 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 Form10-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.

NeoMagic is a registered trademark of NeoMagic Corporation and MiMagic is trademarked. All other trademarks are the property of their respective owners. NeoMagic disclaims any proprietary interest in the marks and names of others.