

news release

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MERCADOMAGICO.COM UPDATES IT E-COMMERCE WEB SITE TO INCLUDE MORE PRODUCT CATEGORIES AND ADDS SOCIAL MEDIA SUPPORT

San Jose, California – January 15, 2013, MercadoMagico.com, a division of NeoMagic Corporation (NMGC.PK), today announced it has expanded its multi-vendor online marketplace by including more product categories beyond Consumer Electronics and Media to include Health & Beauty, Toys, Art and Fashion.

Social media links like Twitter, Facebook, Pinterest and LinkedIn has been added for each product listing so that buyers and vendors can share product information with their friends and clients

MercadoMagico.com can now offer its vendors powerful e-Commerce tools for Sales Tracking, Customer Communication, Sales Report Generation, Powerful Search Engine and much more. MercadoMagico is committed to building a premier world-class e-Commerce site, and providing customers with a unique buying experience.

“By adding more product categories we are in line with our vision of creating a one-stop shopping experience,” said Syed Zaidi, President and CEO of NeoMagic Corporation. He continued, “Our commitment to offer exclusive product lines and provide our vendors with world class tools will no doubt help position MercadoMagico.com as a premier e-commerce site.”

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.

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