

For Immediate Release

D&M Holdings Inc. to Sell Rio's Technology Assets to SigmaTel, Inc.

TOKYO—July 26, 2005 - D&M Holdings Inc. (TSE II: 6735) announced today it has signed an agreement to sell certain intellectual property and other technology assets of the Rio® MP3 player business to SigmaTel, Inc. (NASDAQ: SGTL), a leading supplier of integrated circuits (ICs) for the portable digital audio player market.

As part of the agreement, SigmaTel will hire most of the technical development personnel of Rio. Rio will retain full access to its MP3 technology that it has agreed to sell to SigmaTel via a no-fee, grant-back license conditioned on its use of the SigmaTel platform in MP3 products. Financial terms were not disclosed.

D&M Holdings owns Denon, Marantz, McIntosh Laboratory and the D&M Professional, ReplayTV®, Rio® and Escient® brands.

SigmaTel's industry-leading portable digital audio technology can be found within the latest MP3 players made by Rio, Creative, GoVideo, Memorex, Samsung, Thomson RCA and many others. To date, SigmaTel's focus has been on flash-based players, which is the largest segment of the MP3 player market, however, the company also supplies the technology for hard-drive designs by Rio, including the Rio Carbon and Nitrus, and also by GoVideo, Creative and Memorex.

“Engineers from Rio and SigmaTel have worked together for years improving MP3 software and creating great value for the consumer,” said Vic Pacor, president of D&M Holdings. “We are transferring the Rio technical and engineering resources to SigmaTel, where they can be better leveraged through SigmaTel's considerably larger scale in the MP3 business,” he said. “We received an attractive offer for the Rio assets that we are selling, and we have secured access to enabling technology for the MP3 category of products without carrying the full cost of the technology,” Pacor said.

D&M Holdings publicly disclosed in May that it was examining strategic options to reduce the effect Rio's losses had on the company.

D&M Holdings is expected to recognize approximately (US) \$7 million extraordinary gain in the second quarter of the 2005 fiscal year. D&M Holdings will not adjust the FY05 profit and loss forecast at this time because it is currently examining additional strategic options for Rio, and the financial impact of such options is unknown.

About D&M Holdings Inc.

D&M Holdings Inc. (TSE II: 6735) is based in Tokyo and owns the Denon, Marantz, McIntosh Laboratory, D&M Professional, ReplayTV®, Rio® and Escient® brands. Denon, Marantz, McIntosh and D&M Professional are global industry leaders in the specialist home theater, audio/video consumer electronics or professional audio markets, with a strong and long-standing heritage of manufacturing and marketing high-performance audio and video components. The ReplayTV, Rio and Escient brands represent award-winning technologies in digital home entertainment. Additional information is available at www.dm-holdings.com.

About SigmaTel, Inc.

SigmaTel, Inc., a fabless semiconductor company headquartered in Austin, Texas, designs, develops, and markets proprietary, analog intensive, mixed-signal ICs for a variety of products in the consumer electronics and computing markets, including portable compressed audio players, such as MP3 players, notebook and desktop PCs, DVD players, 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. For more information, please visit www.sigmatel.com.

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Statements in this news release regarding D&M Holdings Inc. that are not statements of historical fact may include forward looking statements regarding future events or the future financial performance of the company. We wish to caution you that such statements are just predictions and that actual events or results may differ materially. Forward looking statements involve a number of risks and uncertainties surrounding the integration of the company's acquisitions, competitive and industry conditions, targeted cost savings programs, market acceptance for the company's products, technological changes, developing industry standards and other factors related to the company's businesses

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