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GigaMedia Licenses Hit SEGA Game

Latest sequel to No.1 RPG series *Phantasy Star* to be available on PC

TAIPEI, Taiwan, May 15, 2007 – GigaMedia Limited (NASDAQ: GIGM) announced today an exclusive agreement with the SEGA Corporation (hereinafter called “SEGA”), to offer and operate the online action role-playing game *Phantasy Star Universe* in Taiwan and Hong Kong.

Phantasy Star Universe is the long-awaited sequel to SEGA’s critically-acclaimed role-playing game series *Phantasy Star Online*, which has delighted game fans for years. Since the game was announced, *Phantasy Star Universe* has received multiple industry awards, including awards at E3, the premiere game industry conference. Within one week of its initial launch in Japan in August 2006, *Phantasy Star Universe* was Japan’s number-one selling title.

“*Phantasy Star Universe* is the new chapter of a series that has shaped videogame history,” stated GigaMedia CEO Arthur Wang. “SEGA is one of the strongest publishers in online entertainment. We are excited and proud to join with them on a game with such a successful history and enthusiastic player base.”

Phantasy Star Universe is expected to launch in late 2007.

Phantasy Star Universe deftly combines the customizability of role-playing games with massive real-time action elements. Players customize their size and appearance, vehicles, weapons and helper robots to create their own unique characters, and can join forces and exchange game items with other players to complete quests and battles, and build their characters into powerful warriors.

About GigaMedia

GigaMedia Limited (Singapore registration number: 199905474H) is a major provider of online entertainment software and services. GigaMedia develops and licenses software for online gaming. GigaMedia also operates online casual games businesses including FunTown, a leading Asian casual games portal in Taiwan and the world's largest online MahJong game site in terms of revenue, and T2CN, a leading online casual sports game operator in China. GigaMedia also operates a broadband ISP providing Internet access services to consumers and corporate subscribers in Taiwan. More information on GigaMedia can be obtained from www.gigamedia.com.tw.

About SEGA Corporation

SEGA® Corporation is a worldwide leader in interactive entertainment both inside and outside the home, encompassing consumer business, amusement machine sales and amusement center operations. The company develops, publishes and distributes interactive entertainment software products for a variety of hardware platforms including PC, wireless devices, and those manufactured by Nintendo, Microsoft and Sony Computer Entertainment Inc. SEGA® Corporation's Web site is located at <http://sega.jp>.

The statements included above and elsewhere in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. GigaMedia cautions readers that forward-looking statements are based on the Company's current expectations and involve a number of risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. Information as to certain factors that could cause actual results to vary can be found in GigaMedia's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission in June 2006.

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