Decreasing the program size has become an important goal in the design of embedded systems targeted to mass production. This problem has led to a number of efforts aimed at designing processors with shorter instruction formats (e.g. ARM Thumb and MIPS16), or that can execute compressed code (e.g. IBM CodePack PowerPC). Much of this work has been directed towards RISC architectures though. This paper proposes a solution to the problem of executing compressed code on embedded DSPs. The experimental results reveal an average compression ratio of 75% for typical DSP programs running on the TMS320C25 processor. This number includes the size of the decompression engine. Decompression is performed by a state machine that translates codeworks into instruction sequences during program execution. The decompression engine is synthesized using the AMS standard cell library and a 0.6 μm 5V technology. Gate level simulation of the decompression engine reveals minimum operation frequencies of 150 MHz.