

(Translation)

February 6, 2006

Name of the Company: MegaChips Corporation

Representative: Shigeki Matsuoka
President and Representative
Director

(Code No. 6875, the First Section of the Tokyo Stock Exchange)

Person to contact: Masayuki Fujii
Director and Executive Officer
(TEL 06-6399-2884)

Notice of Issuance of Stock Options by the Method of Stock Acquisition Rights

Notice is hereby given that MegaChips Corporation (the "Company"), at the meeting of its Board of Directors held on February 6, 2006, resolved on the issuance of stock acquisition rights to be issued as stock options pursuant to the provisions of Article 280-20 and Article 280-21 of the Commercial Code of Japan and the resolution of the 15th Ordinary General Meeting of Shareholders of the Company (held on June 24, 2005), as described below:

Description

1. Date of issuance of stock acquisition rights:
February 24, 2006
2. Total number of stock acquisition rights to be issued:
601 rights (number of shares to be issued or transferred for each stock acquisition right: 100 shares)
3. Issue price of a stock acquisition right:
Free of charge
4. Class and number of shares to be issued or transferred upon exercise of stock acquisition rights:
60,100 shares of common stock of the Company
5. Amount to be paid in upon exercise of stock acquisition rights:
Undecided (to be decided on February 23, 2006)

6. Total amount of issue prices of shares to be issued upon exercise of stock acquisition rights:
Undecided (to be decided on February 23, 2006)
7. Amount of the issue price of a new share not to be capitalized upon exercise of stock acquisition rights when new shares are issued upon exercise of stock acquisition rights:
Undecided (to be decided on February 23, 2006. The amount of the issue price not to be capitalized shall be an amount obtained by deducting the amount to be capitalized from the amount paid. The amount to be capitalized shall be an amount obtained by multiplying the amount so paid by 0.5, with any fraction less than one yen arising as a result of such calculation rounded up to the nearest yen.)
8. Period for exercising stock acquisition rights:
September 1, 2007 through September 30, 2010
9. Grantees of stock acquisition rights:
Directors and employees of the Company and its subsidiaries, totaling 30 persons

<For reference>

1. Date of adoption of resolution by the Board of Directors of the proposition to be submitted to the Ordinary General Meeting of Shareholders: May 13, 2005
2. Date of approval of the proposition at the 15th Ordinary General Meeting of Shareholders: June 24, 2005

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