

(Translation)

May 12, 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 Dividends for the 16th Business Year of the Company**

It is hereby notified that MegaChips Corporation (the "Company"), at the meeting of its Board of Directors held on May 12, 2006, determined to submit a resolution to pay a dividend of ¥16 per share for the year ended March 31, 2006 (the 16th business year) to its 16th Ordinary General Meeting of Shareholders to be held on June 23, 2006, as described below:

Description

1. Reason for determination of the dividend amount:

With regard to the distribution of profits to the shareholders, the Company has a policy of paying about 30% of profit for the year on a consolidated basis as dividends, as described in the "Basic principles concerning the distribution of profits" set forth in the Brief Statement of Accounts publicized on May 13, 2005.

In accordance with the dividend policy, the Company has determined to submit a proposition to pay an annual dividend of ¥16 per share, an increase of ¥1 per share annually from the previous business year, to its 16th Ordinary General Meeting of Shareholders to be held on June 23, 2006.

The dividend amount will become conclusive if and when the proposed appropriation of retained earnings is approved at the 16th Ordinary General Meeting of Shareholders.

2. Business year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)

	Previous forecast	Adjusted forecast	(For reference) Previous results (for the business year ended March 31, 2005)
Proposed annual dividend per share	-	Ordinary dividend ¥16	Ordinary dividend ¥10 Commemorative dividend ¥5 Total: ¥15

(Note) No interim dividends were paid for the business years ended March 31, 2005 and March 31, 2006.