

(Translation)

February 4, 2008

Name of the Company: MegaChips Corporation

Representative: Shigeki Matsuoka  
President and CEO  
(Representative Director)

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

Person to contact: Tetsuo Hikawa  
Director, Officer and General  
Manager of Corporate Control  
Division  
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**Notice of Distribution of Retained Earnings**

Notice is hereby given that MegaChips Corporation (the "Company"), at the meeting of its Board of Directors held today, did not adopt a resolution for the distribution of retained earnings with the record date fixed on December 31, 2007, as described below:

Description

1. Content of dividends

	Amount determined	Most recent forecast of dividends (publicized on November 5, 2007)	Previous results (for the year ended March 31, 2007)
Record date	December 31, 2007	Same as on the left	March 31, 2007
Dividend per share	-	Undecided	¥18.00
Aggregate amount of dividends	-	-	¥445 million
Effective date	-	-	June 4, 2007
Source of dividends	-	-	Retained earnings

## 2. Reasons

To implement its dividend policy with agility, the Company has provided in its Articles of Incorporation that the Company can pay dividends with the record dates fixed on the ends of the first quarter, interim period and third quarter of each fiscal year. However, taking into consideration an anticipated increase in administrative expenses in paying dividends, the Company did not adopt a resolution for the distribution of retained earnings with the record date fixed on December 31, 2007. With regard to year-end dividends, which still remain undecided, the Company plans to pay around 30% of net income for the current year on a consolidated basis. Notice will be given immediately when they are determined.

Forecast of dividends:

Record date	Dividend per share				
	First quarter-end	Interim period-end	Third quarter-end	Year-end	Annual
Forecast of dividends				Undecided	Undecided
Results for the current year	-	-	-		
Results for the previous year (ended March 31, 2007)	-	-	-	¥18.00	¥18.00

- END -