

(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
(TEL 06-6399-2884)

Notice of Determination of the Matters Concerning the Acquisition by the
Company of its Own Shares and Determination of the Matters Concerning
the Cancellation by the Company of its Own Shares

(Acquisition by the Company of its own shares in accordance with its Articles of Incorporation
pursuant to Article 165, paragraph 2 of the Corporation Law of Japan)

Notice is hereby given that MegaChips Corporation (the "Company"), at the meeting of its Board of Directors held on February 4, 2008, determined the matters concerning the acquisition by the Company of its own shares in accordance with Article 156 of the Corporation Law of Japan, applicable pursuant to Article 165, paragraph 3 of the said Law. Notice is also given that the Company determined that it would cancel the shares to be acquired in accordance with the determination of the matters concerning the acquisition by the Company of its own shares, as well as 700,000 shares of its treasury stock, pursuant to Article 178 of the Corporation Law of Japan, as described below:

Description

1. Reason for the acquisition and cancellation by the Company of its own shares:

The Company, which has recognized the enhancement of its enterprise value through sustained growth and the proper distribution of the results thereof to its shareholders as an important issue of management, makes an appropriation (distribution) of retained earnings while taking into consideration increasing internal reserves necessary to strengthen its financial

base and expand business. The Company has now determined to acquire and cancel its own shares to enhance capital efficiency and the per-share stock value.

2. Content of the matters concerning the acquisition:

- (1) Class of shares to be acquired: Shares of common stock of the Company
- (2) Total number of shares to be acquired: (Not exceeding) 350,000 shares (the ratio thereof to the total number of issued shares (excluding the shares of treasury stock): 1.4%)
- (3) Aggregate acquisition prices of shares: (Not exceeding) ¥500,000,000
- (4) Acquisition period: February 5, 2008 through March 10, 2008

3. Content of the matters concerning the cancellation (of shares to be acquired in accordance with the determination of the acquisition by the Company of its own shares):

- (1) Class of shares to be cancelled: Shares of common stock of the Company
- (2) Total number of shares to be canceled: Undecided
- (3) Scheduled date of cancellation: March 31, 2008

4. Content of the matters concerning the cancellation (of the shares of treasury stock):

- (1) Class of shares to be cancelled: Shares of common stock of the Company
- (2) Total number of shares to be canceled: 700,000 shares
- (3) Scheduled date of cancellation: March 31, 2008

(For reference)

Shares of treasury stock of the Company as of February 4, 2008:

- Total number of issued shares (excluding the shares of treasury stock): 24,786,989 shares
- Number of shares of treasury stock: 1,152,228 shares

The Company will focus further efforts on management reforms and management efficiencies and distribute the results thereof to its shareholders and the community, whereby meeting their expectations.

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