

FOR IMMEDIATE RELEASE

November 19, 2010

Name of the Company: MegaChips Corporation
Representative: Yukihiro Ukai
President and Representative Director
(Code No. 6875, First Section of the Tokyo Stock Exchange)
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Director, Officer and General Manager
of Finance & Accounting Office
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Notice of Cancellation of Treasury Stock

MegaChips Corporation (“the Company”) announces that a meeting of its Board of Directors held today has resolved to cancel a portion of the treasury stock held by the Company in accordance with the provisions of Article 178 of the Companies Act. Details are as follows.

1. Details of Cancellation of Treasury Stock

- | | |
|--------------------------------------|---------------------------------------|
| (1) Class of shares to be cancelled | Shares of common stock of the Company |
| (2) Number of shares to be cancelled | 315,500 shares |
| (3) Planned date of cancellation | November 30, 2010 |

2. Reasons for Cancellation of Treasury Stock

The Company views the appropriate distribution of profits to its shareholders as an important management issue, and is working to distribute profits in line with earnings. The basic policy of the Company for profit distribution is as written in the “(3) Basic principles concerning the distribution of profits and dividends for the fiscal year under review and the next fiscal year” on page 7 of the “Summary of Financial Results for the Fiscal Year Ended March 31, 2010” published on May 11, 2010.

For the purpose of raising the shareholder value per share, the Company will cancel 315,500 shares (1.30% of all issued shares), which exceeds the number of shares anticipated for requests for the sale of shares to constitute one stock trade unit.

3. Total Number of Issued Shares after Cancellation: 24,038,400 shares

(Reference) Ownership of treasury stock as of the end of September 2010

- | | |
|---|-------------------|
| (1) Total number of issued shares: (excluding treasury stock) | 24,008,412 shares |
| (2) Number of shares of treasury stock | 345,488 shares |