

(Translation)

May 9, 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 May 9, 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, 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 regards 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, has made 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 by the Company of its own shares:

- (1) Class of shares to be acquired: Shares of common stock of the Company
- (2) Total number of shares to be acquired: (Not exceeding) 250,000 shares (the ratio thereof to the total number of issued shares (excluding the shares of treasury stock): 1.0%)
- (3) Aggregate acquisition prices of shares: (Not exceeding) ¥300,000,000
- (4) Acquisition period: May 12, 2008 through May 30, 2008

3. Content of the matters concerning the cancellation 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: Shares to be acquired in accordance with the determination of the matters concerning the acquisition by the Company of its own shares publicized herein
- (3) Scheduled date of cancellation: June 30, 2008

(For reference)

Shares of treasury stock of the Company as of April 30, 2008:

- (1) Total number of issued shares (excluding the shares of treasury stock): 24,452,933 shares
- (2) Number of shares of treasury stock: 451,584 shares

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