MegaChips

NEWS RELEASE

FOR IMMEDIATE RELEASE

May 17, 2011

Name of Company MegaChips Corporation
Representative Yukihiro Ukai
President and Representative Director
(Code No. 6875, First Section of the Tokyo Stock Exchange)
Inquiries Masayuki Fujii
Director, Officer and General Manager of the Corporate Control Division
(TEL 06-6399-2884)

Notice of Acquisition of Treasury Stock and Purchase of Treasury Stock Through Off-Auction Repurchase Trading (ToSTNeT-3)

(Acquisition of Treasury Stock under the provisions in the Articles of Incorporation pursuant to Paragraph 1 of Article 459 of the Companies Act and Purchase of Treasury Stock through Off-Auction Repurchase Trading (ToSTNeT-3)

MegaChips Corporation ("the Company") announces that a resolution dated May 17, 2011 pursuant to Article 370 of the Companies Act, which provides for a resolution by a written vote in place of a resolution by a meeting of the Board of Directors, has been made to acquire treasury stock in accordance with the provisions of the Company's Articles of Incorporation and pursuant to Paragraph 1 of Article 459 of the Companies Act, as well as to determine a specific method for the acquisition. Details are as follows.

1. Purposes of Acquisition of Treasury Stock

To increase capital efficiency and to ensure the return of profits to the Company's shareholders

2. Method of Acquisition

The Company will commission the purchase of its treasury stock through off-auction repurchase trading (ToSTNet-3) on the Tokyo Stock Exchange at 8:45 a.m. on May 18, 2011 at the price of 1,248 yen, the closing price of the Company's common stock today, May 17, 2011, on the First Section of the Tokyo Stock Exchange and which includes final special quotes. (No change will be made to other trading systems or to the time of trading.)

The purchase orders concerned will be effective only at the time of the intended trading.

3. Details of Acquisition

(1) Class of shares to be acquired: Shares of common stock of the Company
(2) Total number of shares to be acquired: Up to 60,000 shares (0.25% of the total issued shares excluding treasury stock)
(Note 1) No change will be made to this number of shares. Depending on the market trends, all or part of the acquisition may not take place.
(Note 2) The purchase will be made with a sell order that matches the number of shares to be acquired.
(3) Total price of stock acquisition: Up to 100,000,000 yen
(4) Announcement of acquisition results: The acquisition results will be announced after the trading takes place at 8:45 a.m. on May 18, 2011.

(Reference) Ownership of treasury stock as of April 30, 2011

(1) Total number of issued shares (excluding treasury stock): 24,008,380 shares
(2) Number of shares of treasury stock: 30,020 shares