

FOR IMMEDIATE RELEASE



April 20, 2012

Name of Company MegaChips Corporation
Representative Akira Takata
President and Representative Director
(Code No. 6875, TSE)

Notice Concerning a Basic Agreement regarding MegaChips' Share Purchases

MegaChips Corporation ("MegaChips") hereby announces that it has reached an agreement with JFE Holdings, Inc. ("JFE", 5411, First Section of the Tokyo Stock Exchange) to purchase all shares of JFE's 100% subsidiary, Kawasaki Microelectronics, Inc. ("K-micro", Mihama-ku, Chiba-city, Chiba pref, President & CEO Yukio Yamauchi), making it a wholly owned subsidiary.

1. Purpose of Share Purchases

From the day of its establishment on April 4, 1990 in Suita-city of Osaka, MegaChips has concentrated its management resources on research and development. It is a fabless company focused on R&D, subcontracting the manufacture of LSI products to leading semiconductor companies in Taiwan and Japan. In the electronics industry, as a fabless company that was the first of its kind in Japan, MegaChips has expanded its operations through the development and sale of LSI (large-scale integrated circuits) and associated software and even system products equipped with self-developed LSI, featuring top-class applications and algorithms, new concept architecture, and creative technology. In particular, MegaChips is growing its business with strength in developing customer-specific and application-specific products that improve the competitiveness of its customers' devices.

Kawasaki Microelectronics, Inc., meanwhile, has its origins as the LSI department of the former Kawasaki Steel Corporation (current JFE Holdings, Inc.). It has been focused on ASIC since the launch of its business and has been working actively to promote the products of the cell based array and the standard cell for equipment in the areas of telecommunications, images, information, and office automation. It has grown to become the leading ASIC maker that supplies products to the top companies in Japan and overseas. K-micro currently does not own a factory; it is a fabless company like MegaChips, and is the leading ASIC vendor that conducts everything from design to quality assurance including wafer fabrication, assembly, and testing. K-micro is growing and strengthening its business through its subsidiary in the United States as the R&D center for the development of essential technologies, its India branch as a development center, and its Taiwan branch as a support base for Taiwanese and Chinese customers.

MegaChips is determined to combine the two companies' capabilities to meet the future requirements of the market and address the challenges confronting domestic and international customers in the field of electronics, where technical innovation is rapid. The company also seeks to strengthen its strategy and expand its business as the fabless company by providing strong support and total solutions from the stage of algorithm and architecture development to wafer fabrication, assembly, and testing processes.

2. Basic agreement with JFE Holdings, Inc.

MegaChips plans to conclude a stock purchase agreement with JFE at the end of May 2012 (scheduled) and acquire 100% ownership of K-micro.

3. Profile of Kawasaki Microelectronics, Inc.

(1) Name	Kawasaki Microelectronics, Inc.		
(2) Location	1-3, Nakase, Mihama-ku, Chiba-city		
(3) Representative	President & CEO Yukio Yamauchi		
(4) Principal business	Semiconductor integrated-circuit design, manufacture and sales		
(5) Capital	5,046 million yen		
(6) Established	July 2, 2001		
(7) Major shareholders and equity ratio	JFE Holdings, Inc. 100%		
(8) Relationships with MegaChips	Capital relationships	No relevant items	
	Personal relationships	No relevant items	
	Transactional relationships	No relevant items	
(9) Company's consolidated operating results and financial position for the last three years			
Fiscal year	3/2009	3/2010	3/2011
Net asset	9,583 million yen	8,234 million yen	9,241 million yen
Total asset	20,862 million yen	21,281 million yen	19,364 million yen
Consolidated net assets per share	637.22 yen	547.49 yen	614.48 yen
Gross revenues	27,849 million yen	24,692 million yen	24,176 million yen
Group operating profit	-4,003 million yen	-317 million yen	1,857 million yen
Consolidated profit	-4,213 million yen	-911 million yen	1,694 million yen
Consolidated net income,	-11,928 million yen	-1,423 million yen	1,389 million yen
Consolidated net income per share	-793.12 yen	-94.64 yen	92.35 yen
Dividend per share	0 yen	0 yen	0 yen

4. Outline of JFE Holdings, Inc.

(1) Name	JFE Holdings, Inc.	
(2) Location	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo	
(3) Representative	President and CEO Hajime Bada	
(4) Principal business	Control and management of group companies by owning stock of operational companies of steel, engineering, shipbuilding and others	
(5) Capital	147.1 billion yen	
(6) Established	September 27, 2002	
(7) Net assets	1,478,310 million yen	
(8) Total assets	3,976,644 million yen	
(9) Major shareholders and equity ratio	The Master Trust Bank of Japan, Ltd. (trust account)	6.07%
	Japan Trustee Services Bank, Ltd. (trust account)	4.20%
	Nippon Life Insurance Company	3.68%
	The Dai-ichi Mutual Life Insurance Company	2.47%
	Mizuho Corporate Bank, Ltd.	2.34%
(10) Relationships with MegaChips	Capital relationships	No relevant items
	Personal relationships	No relevant items
	Transactional relationships	No relevant items
	Status of related parties	No relevant items

5. Number of Shares to be Acquired, Acquisition Cost and Status of Shares Held Before/After Acquisition

(1) Number of shares held before acquisition	0 shares (Number of voting rights:—) (Shareholding :—%)
(2) Number of shares to be acquired and acquisition cost	15,039,600 shares (Number of voting rights : 150,396 shares) (Ratio to issued shares :100%) (Acquisition cost : 8.5 billion yen (schedule))
(3) Number of shares to be held after acquisition	15,039,600 shares (Number of voting rights:150,396 shares) (Shareholding : 100%)

6. Schedule

(1) Resolution of Board of Directors Meetings	April 20, 2012
(2) Agreement date of stock transfer	End of May, 2012 (schedule)
(3) Date of stock transfer	End of June, 2012 (schedule)

7. Future Outlook

There is no impact from the acquisition on the results for the fiscal year ended March 2012. The impact on the performance in the fiscal year ending March 2013 and thereafter is currently under review and will be announced immediately after it is defined.

Once K-micro becomes a wholly owned subsidiary of MegaChips, the board member and the auditor will be sent to K-micro.