

FOR IMMEDIATE RELEASE



November 16, 2012

Name of Company: MegaChips Corporation
Representative: Akira Takata
President and Representative Director
(Code No. 6875, First Section of the Tokyo Stock Exchange)

Notice of Merger (Simplified Merger) with Consolidated Subsidiary

MegaChips Corporation announces that a meeting of its Board of Directors held today has resolved to undertake an absorption-type merger with the Company's wholly owned, consolidated subsidiary, Kawasaki Microelectronics, Inc. (hereinafter Kawasaki Micro), as announced in the Notice of Conclusion of Basic Agreement to Merge with Consolidated Subsidiary on July 27, 2012. Details of the merger are as follows.

As this is expected to be an absorption-type merger with a wholly owned subsidiary, some disclosure items have been omitted.

1. Purpose of the Merger

The electronics and semiconductor field is marked by rapid technological advancement, with previous business models having become obsolete. The industry has consequently reached a crossroads on a global level, resulting in significant changes to the environment surrounding the Company. Given this background, the Company and Kawasaki Micro have decided to combine their management resources in order to continue developing by responding flexibly to changes, while also ensuring co-existence and co-prosperity with customers and expanding their contributions to society.

With this merger, the Company will build a business portfolio that can respond to environmental changes and deliver continuous, stable profits, thereby preparing for global expansion centering on application and system planning and the provision of solutions.

2. Summary of the Merger

(1) Schedule

Resolution by Board of Directors concerning the merger	November 16, 2012
Conclusion of merger contract	November 16, 2012
Date of merger (effective date)	April 1, 2013

Note: For the Company, the merger is a simplified merger as stipulated in the Companies Act, Article 796, Paragraph 3. For Kawasaki Micro, the merger is a simplified merger as stipulated by the Companies Act Article 784, Paragraph 1. Accordingly, neither of the companies will hold a general meeting of shareholders to seek approval of the merger contract.

(2) Type of merger

The Company will be the surviving company and Kawasaki Micro will be absorbed in an absorption-type merger.

(3) Details of allocations involved with the merger

There are no plans to issue new shares, to increase capital or to pay delivered money due to merger because of this merger.

(4) Disposition of warrants or bonds with warrants attached of the merged company

Kawasaki Micro has not issued warrants or bonds with warrants attached.

3. Outline of the Parties to the Merger

	(Surviving company)	(Merged company)
(1) Name	MegaChips Corporation	Kawasaki Microelectronics, Inc.
(2) Address	1-1-1 Miyahara, Yodagawa-ku, Osaka	1-3 Nakase, Mihama-ku, Chiba
(3) Name and title of representative	Akira Takata President and Representative Director	Yukio Yamauchi President & CEO
(4) Business details	Design, development, manufacture (outsourced) and sales of system LSIs, and electronic parts and system devices using the Company's system LSIs	Design, manufacture and sales of semiconductor integrated circuits
(5) Capital	4,840 million yen	5,046 million yen
(6) Date established	April 4, 1990	July 2, 2001
(7) Shares outstanding	24,038,400 shares	15,039,600 shares
(8) Fiscal year end	March	March
(9) Major shareholders and ownership (as of March 31, 2012)	Japan Trustee Services Bank, Ltd. (trust account) 7.77% The Master Trust Bank of Japan, Ltd. (trust account) 6.24% Shindo Corporation 5.16% Shindo and Associates Co., Ltd. 5.16% Japan Trustee Services Bank, Ltd. (trust account 9) 4.54%	MegaChips Corporation 100% (as of July 1, 2012)
(10) Financial condition and business performance in the most recent fiscal year (fiscal year ended March 2012)		
	MegaChips	Kawasaki Micro
Consolidated net assets	24,977 million yen	9,632 million yen
Consolidated total assets	29,247 million yen	15,179 million yen
Consolidated net assets per share	1,042.70 yen	640.46 yen
Consolidated net sales	35,366 million yen	21,413 million yen
Consolidated operating income	3,033 million yen	1,714 million yen
Consolidated ordinary income	3,262 million yen	1,535 million yen
Consolidated net income	2,127 million yen	23 million yen
Consolidated net income per share	88.80 yen	1.53 yen

4. Conditions Following the Merger

There are no changes planned in the name, address, name and title of representative, business details, capital or fiscal year end for the Company as the surviving company.

5. Forecasts

Because this is a merger with the Company's wholly owned, consolidated subsidiary, it will have no impact on consolidated business performance of the Company.