

FOR IMMEDIATE RELEASE



May 13, 2015

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Notice of Changes in Basic Profit Distribution Policy and Decision on Distribution of Retained Earnings

MegaChips Corporation (the “Company”) hereby announces that a meeting of its Board of Directors held today adopted a resolution for changing its basic policy on the distribution of profits and for distributing retained earnings with a record date of March 31, 2015. Details are as follows:

1. Changes in the basic policy on the distribution of profits and reasons for the changes

The Company has regarded the appropriate distribution of profits to its shareholders as an important management issue and sought to distribute profits in line with earnings. The Company decided to change its basic policy on the distribution of profits as stated below, to make positive profit distribution efforts in consideration of its future financial condition with a view to sustaining profit distribution and achieving growth at the same time.

<Basic policy before changes>

- (1) The Company shall appropriate funds for activities towards achieving medium- to long-term growth, such as basic research for creating innovative new technologies, the development of original products, the actualization of an appropriate business portfolio and the recruitment of capable individuals, all the while aiming to continuously improve its value as a company. In addition, the Company shall maintain internal reserves necessary for sustaining a sound financial position enabling it to withstand changes in business conditions.
- (2) The Company shall determine the amount of retained earnings for distribution by taking into consideration such factors as consolidated operating results, financial circumstances and investment plans. The amount to be distributed shall be based on either a dividend payout ratio of about 30% or about 2% of the consolidated dividend on equity (DOE), whichever is greater. (However, this amount may, following due consideration, be increased or decreased when there are special factors affecting the financial results.) Specifically, the annual dividend to be distributed per share shall be determined as either (a) or (b) below, whichever is greater.
 - (a) An amount calculated by adopting an amount equivalent to about 30% of consolidated net income as the aggregate amount of dividends and dividing this aggregate amount by the number of outstanding shares at the end of the period which is obtained by deducting the number of shares held by the Company at the end of the period
 - (b) An amount calculated by adopting an amount equivalent to about 2% of the consolidated dividend on equity (DOE) as the aggregate amount of dividends and dividing this aggregate amount by the number of outstanding shares at the end of the period which is obtained by deducting the number of shares held by the Company at the end of the period

- (3) In order to improve capital efficiency, the Company shall work to acquire its own shares expeditiously and return profits to its shareholders, taking into consideration factors such as market conditions, share price trends and its financial position.

In accordance with the Articles of Incorporation approved at the 16th Ordinary General Meeting of Shareholders held on June 23, 2006 and Article 459(1) of the Companies Act, decisions regarding the distribution of dividends shall be made via a resolution by the Board of Directors, without requiring a resolution by a General Meeting of Shareholders, unless otherwise stipulated by law.

Dividends shall be distributed once every year to those Shareholders or Registered Pledges of Shares listed or registered in the final shareholder registry as March 31 of every year. However, dividends may be distributed by prescribing a different record date, following a resolution by the Board of Directors in accordance with the Companies Act and the Articles of Incorporation.

<Basic policy after changes>

- (1) The Company shall determine the amount of retained earnings for distribution by adopting an amount equivalent to 30% or more of consolidated net income (The amount may be increased or decreased when there is special accounting, settlements or tax factors.) as the aggregate amount of dividends and dividing this aggregate amount by the number of outstanding shares at the end of the period, which is obtained by deducting the number of shares held by the Company at the end of the period, taking into consideration medium-term business forecasts.
- (2) In order to continuously improve its value as a company, the Company shall give consideration to the securing of appropriate funds for activities towards achieving medium- to long-term growth, such as basic research for creating innovative new technologies, the development of original products, the actualization of a reasonable business portfolio and the recruitment of capable individuals, as well as the maintenance of a sound financial position which enables the company to withstand changes in business conditions.
- (3) For improving capital efficiency, the Company shall work to acquire its own shares expeditiously and return profits to its shareholders, taking into consideration factors, such as market conditions, share price trends and its financial position.

In accordance with the Articles of Incorporation approved at the 16th Ordinary General Meeting of Shareholders held on June 23, 2006 and Article 459(1) of the Companies Act, decisions regarding the distribution of dividends shall be made via a resolution by the Board of Directors, without requiring a resolution by a General Meeting of Shareholders, unless otherwise stipulated by law.

Dividends shall be distributed once every year to those Shareholders or Registered Pledges of Shares listed or registered in the final shareholder registry as March 31 of every year. However, dividends may be distributed by prescribing a different record date, following a resolution by the Board of Directors in accordance with the Companies Act and the Articles of Incorporation.

2. Dividends

	Amount determined (for the year ended March 31, 2015)	Most recent forecast dividends (announced on January 30, 2015)	Previous results (for the year ended March 31, 2014)
Record date	March 31, 2015	Same as on the left	March 31, 2014
Dividend per share	¥34.00	Undecided	¥34.00
Aggregated amount of dividends	¥759million	—	¥793 million
Effective date	June 3, 2015	—	May 30, 2014
Source of dividends	Retained earnings	—	Retained earnings

3. Reasons for determining dividends

With respect to the distribution of retained earnings for the fiscal year under review (year ended March 31, 2015), the Company decided, in accordance with its basic policy for the distribution of profits changed at this time, to pay an annual dividend of ¥34 per share as an ordinary dividend (¥34 for the previous period) to shareholders as of March 31, 2015.

(For reference) Breakdown of annual dividends

Record date	Dividend per share				
	First quarter-end	Interim	Third quarter-end	Year-end	Annual
Results for the year ended March 31, 2015	—	—	—	¥34.00 (Ordinary dividends: ¥34.00)	¥34.00 (Ordinary dividends: ¥34.00)
Results for the year ended March 31, 2014	—	—	—	¥34.00 (Ordinary dividends: ¥34.00)	¥34.00 (Ordinary dividends: ¥34.00)

4. Schedule

June 2, 2015: Documents for the dividends will be sent together with a notice of the Ordinary General Meeting of Shareholders, attached documents and reference documents.

June 3, 2015: The payment of the dividends will commence.