

FOR IMMEDIATE RELEASE



May 13, 2016

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

Notice Concerning the Disposal of Treasury Stock as an Incentive to U.S. Subsidiary Members (Proposal to General Shareholders' Meeting)

MegaChips Corporation (the "Company") hereby announces that, at the Meeting of the Board of Directors held today, the Company decided to submit a proposal to the 26th general shareholders' meeting to be held on June 23, 2016 regarding the disposal of treasury stock through a third-party allocation in accordance with Article 199 of the Companies Act. In the proposal, stock will be allocated as an incentive to the management and employees of SiTime Corporation ("SiTime"), the Company's subsidiary, with the aim of retaining members.

1. Outline of the Treasury Stock Disposal

(1) Type and total number of shares	339,911 common shares of MegaChips Corporation	
(2) Payment amount per share	1 cent per share	
(3) Total payment amount	3,399 dollars 11 cents (Approx. 374,000 yen, calculation based on 1 dollar = 110 yen)	
(4) Payment dates and number of shares disposed on each date (All dates are in Japanese time)	1. September 15, 2016	45,380 shares
	2. December 15, 2016	45,380 shares
	3. March 15, 2017	45,380 shares
	4. June 15, 2017	45,384 shares
	5. September 15, 2017	39,588 shares
	6. December 15, 2017	39,588 shares
	7. March 15, 2018	39,588 shares
	8. June 15, 2018	39,623 shares
(5) Method of Subscription or Disposal	By way of third-party allocation	
(6) Individuals to which treasury stock is allocated	Directors and employees of SiTime (Total: 35)	
(7) Other	The allocation of treasury stock is planned to be dependent on the manager or employee belonging to SiTime on the date of allocation. The disposal of treasury stock will be dependent on a special resolution concerning issuance terms that are favorable to a specific party at the Company's general shareholders' meeting to be held on June 23, 2016.	

2. Reason for having to dispose of treasury stock by offering them at terms significantly favorable to a specific party

The Company acquired SiTime, a U.S. company, on November 18, 2014.

SiTime is located in the area of California known as Silicon Valley, where it has become common to provide incentives in various forms, such as employee stock options. The Company decided that providing the SiTime management and employees incentives by way of stock allocation, which is similar to stock options, would help raise their motivation to improve MegaChips Group's performance and increase its corporate value.

Between September 15, 2016 and June 15, 2018, the Company will allocate a certain number of shares to the SiTime management and employees by way of treasury stock disposal, receiving one cent per share.

The Company has chosen this method instead of issuing share options as stock options based on the conclusion that the latter would not be an effective retention measure due to constraints by the Internal Revenue Code and other laws.

3. Prospects

The effect on the Company's performance for this fiscal year is reflected in the Consolidated Results Forecast for the Fiscal Year Ending March 2017, which is included in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 [Japanese GAAP] that was announced today.