



MEMSCAP AND GALAYOR PARTNER FOR OPTICAL BREAKTHROUGH

*A strong R&D and commercial alliance to provide
the world's first Silicon Integrated (Digital) VOA*

Grenoble, France, and Tel Aviv, Israel, June 16, 2003 – MEMSCAP (Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, and GalayOr, (“Light Wave” in Hebrew), a provider of *All-Silicon* Optical System-on-a-Chip, today announce the signature of a partnership agreement that will create a breakthrough in optical network solutions.

Capitalising on GalayOr’s developments and MEMSCAP’s packaging and production expertise, the two companies will bring to market a new generation of optical products, starting by an Integrated Closed Loop Digital VOA (DVOA). This DVOA for telecommunication systems and subsystems, developed after several years of research by GalayOr and based upon its *Silicon Photonics* technology, will be available for sampling at MEMSCAP starting fourth quarter 2003 .

The DVOA will first undergo a last R&D process at MEMSCAP facility, where it will be produced, packaged, tested, and qualified using standard VLSI processes and packaging. Commercialisation, managed by MEMSCAP, will happen for high volume during the second phase, that is expected to start in 2004.

First product to benefit from this partnership, the DVOA may be followed by other products, in the coming years, to fulfil market needs.

The new All-Silicon DVOA was developed through a coordinated effort of three companies: MEMSCAP, GalayOr and Analog Devices (ADI:NYSE) which developed the electronic control circuitry that includes high precision log amplifiers. It integrates the functionalities of several different optical and electronic discrete components into a single module measuring only 42mm x 17mm x 10mm, and allows on-board microprocessor control, alarm reporting, on-board input/output optical power monitoring, automatic calibration, optical automatic power control (OAPC) with continuous power adjustment to environmental changes and aging. The device removes all analog and mixed signal design complexities from the system designer side and provides a simple and user-friendly control via a standard I²C/SPI or RS232 digital communication interface for an easy to use, plug-and-play VOA solution. The product development at GalayOr and Analog Devices was sponsored by BIRD (the Israel-US R&D fund).

The purpose of this alliance is twofold: the first step is the optimisation of the product for volume manufacturing; the second step consists of the commercialisation, through MEMSCAP sales channel.

“The combination of GalayOr’s moving silicon waveguides technology with MEMSCAP proven track record in commercialization of first class optical components open great new opportunities for both companies. I am confident that the Closed-Loop DVOA has a great market potential with telecom system vendors based on the product’s ability to meet their cost, integration and functionality requirements”, says Dr.Uri Geiger, GalayOr Chief Executive Officer.

Current customer base funnel exceeds 25 customers, including major system integrator companies.

"Our expertise and know-how in the communications industry, including optical products, is one of the strong assets of MEMSCAP. Our state-of-the-art foundry, technical expertise, patents and market presence, give us the width and tools to further the excellent development made by GalayOr. This alliance with GalayOr is a milestone in the optical communications industry. Together we will bring to the market the world's first Silicon Integrated (Digital) VOA, and this, at a very cost effective price," declares Jean-Michel Karam MEMSCAP, Chief Executive Officer.

About the *Silicon PhotonICs* Technology:

The core technology consists of Moving Silicon Waveguides. In order to perform functions such as attenuation, switching, filtering or alignment, these Waveguides can be shifted in and out the silicon plane by MEMS (Micro Electro-Mechanical Systems). GalayOr has broken the traditional coupling barrier of Silicon PLC to fibers, achieving coupling efficiency which is better than 90% (0.3dB coupling loss). GalayOr's Silicon PhotonICs technology transforms optical components into the well established, mass producible VLSI universe. This technology allows the company to offer a wide range of product lines, which save up to 95% in cost and size. (www.galayor.com)

About MEMSCAP

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions. MEMSCAP solutions include components, component designs (IP), CAD design tools, manufacturing and related services. MEMSCAP customers include Fortune 500 businesses, major research institutes and universities. The company's shares are traded on Euronext under the ticker symbol MEMS (Euroclear France code: 7939), where MEMSCAP belongs to the Next Economy segment, to the SBF250 and ITCAC50 indexes. More information on the company's products and services can be obtained at <http://www.memscap.com>.

About GalayOr

GalayOr is a privately held company, founded in late 2000 following four-years of research at Tel Aviv University. GalayOr is headquartered in the US, with an R&D facility in Israel. The company delivers low cost mass producible and dynamically configurable All-Silicon Integrated Components for optical communications vendors and optical interconnects. To learn more on GalayOr visit us at <http://www.galayor.com>

About Analog Devices

Analog Devices is a leading manufacturer of precision high-performance integrated circuits used in analog and digital signal processing applications. The company is headquartered in Norwood, Massachusetts, and employs approximately 8,600 people worldwide. It has manufacturing facilities in Massachusetts, California, North Carolina, Ireland, the Philippines, Taiwan and the United Kingdom. Analog Devices' stock is listed on the New York Stock Exchange and the company is included in the S&P 500 Index. Visit www.analog.com

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