



Not for publication, distribution or dissemination, directly or indirectly, in the United States, Canada, Australia or Japan.

MEMSCAP: LAUNCH OF A €1 MILLION RIGHTS ISSUE WITH PREFERENTIAL SUBSCRIPTION RIGHTS

(Visa n°12-017 dated January 11, 2012 of the AMF "l'Autorité des marchés financiers")

The subscription period will open on January 13, 2012 and run through January 26, 2012, inclusive.

Grenoble (France) – January 12, 2012

MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, **announces the launch of a capital increase of 1.0 million euros with preferential subscription rights (PSRs)** for existing shareholders.

MAIN TERMS OF THE RIGHTS ISSUE WITH PSRs

- The capital increase will be accomplished in cash with preferential subscription rights for existing shareholders (PSRs) and will entail the creation and admission for trading on the NYSE-Euronext Paris market of 1,178,837 new shares at a price of 0.85 euro per share, on the basis of one new share for every four existing shares, for a gross total, including issue premium, of 1,002,011 euros.
- Depending on demand, the Board of Directors may decide to increase the initial number of new shares to be issued by up to 15%, or to a maximum total of 1,355,662 shares, by exercise of the extension clause, raising the total amount of the capital increase to at most 1,152,313 euros, it being noted that the exercise of the extension clause is exclusively available to satisfy orders on a reducible basis that could not otherwise be satisfied.
- The subscription period will open on January 13, 2012 and run through January 26, 2012, inclusive. During the subscription period, the PSRs will be quoted and tradable on NYSE-Euronext Paris market (ISIN: FR0011176569).
- The proceeds of this capital increase will be used to finance the industrial growth based on the following major steps:
 - *Accelerating the development of the MEMSCAP core businesses primarily in the areas of avionics, optical communications and medical / biomedical market segments.*
 - *Supporting the development of high potential projects initiated during fiscal year 2011 including the development of pressure modules for engine control applications in the avionics field, the product portfolio extension related to optical variable attenuators as well as the industrialization of components for the biomedical sector.*
 - *Supporting commercial activity in Asia, particularly in China, and further strengthening the financial structure of the Company.*
- The rights issue will be offered to the public only in France.



Not for publication, distribution or dissemination, directly or indirectly, in the United States, Canada, Australia or Japan.

- Mr Jean Michel Karam, Chairman of the Board and Chief Executive Officer, the members of the Board of Directors and the management team of MEMSCAP have undertaken to subscribe for a minimum amount of 550,000 euros to the capital increase representing 55% of the total amount of the rights issue.
- There is no underwriting agreement which ensures that the rights issue will be fully subscribed.
- Centralisation of the transaction as well as the related financial services is managed by CM-CIC Securities (c/o CM-CIC Titres, 3 allée de l'Etoile, 95014 Cergy-Pontoise).

* * *

AVAILABILITY OF THE PROSPECTUS

Copies of the prospectus, consisting of the Registration Document filed with the Autorité des Marchés Financiers (the "AMF", the French Financial Markets Authority) under number R. 11-066 on November 25, 2011 and the Securities Note ("Note d'opération") registered under n°12-017 on January 11, 2012, are available without charge and on demand from MEMSCAP, Parc Activillage des Fontaines, Bernin, 38926 Crolles cedex and on the websites of the AMF (www.amf-france.org) and MEMSCAP (www.memscap.com).

Members of the public are invited to consider the sections headed "Risk Factors" in the prospectus as approved by the Autorité des Marchés Financiers. These risk factors are described in Section 4 of the Registration Document and Section 2 in the Securities Note.

INFORMATION FOR THE PUBLIC

Information related to this rights issue with preferential subscription rights is available on the MEMSCAP website (www.memscap.com).

About MEMSCAP

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions. MEMSCAP standard and custom products and solutions include components, component designs (IP), manufacturing and related services. MEMSCAP customers include Fortune 500 businesses, major research institutes and universities. The company's shares are traded on the Eurolist of NYSE Euronext Paris S.A (ISIN: FR0010298620-MEMS) and belong to the CAC small, CAC Mid & Small, CAC All-Tradable and CAC All-Share indexes. More information on the company's products and services can be obtained at www.memscap.com.

For more information, please contact:

Yann Cousinet

CFO

Ph: +33 (0) 4 76 92 85 00

Email: yann.cousinet@memscap.com



MEMSCAP

The Power of a Small World™

Not for publication, distribution or dissemination, directly or indirectly, in the United States, Canada, Australia or Japan.

MAIN SPECIFICATION OF THE RIGHTS ISSUE

Issuer	MEMSCAP, registered as « société anonyme à conseil d'administration » under the laws of France with company registration number 414 565 341 RCS Grenoble and with registered office at Parc Activillage des Fontaines, Bernin, 38926 Crolles cedex – France.
Capital	4,715,349 issued ordinary shares at the date of the filing of the Securities Note.
Form	Registered shares and bearer shares.
Name	MEMSCAP REGPT
ISIN	FR0010298620
Mnemo	MEMS
Compartment	C

* * *

Context	<p>The extraordinary general meeting held on December 21, 2011, approved the reduction of MEMSCAP capital by reducing the nominal value of the share. The current issued capital, amounting to 9,430,698 euros, divided into 4,715,349 shares with a nominal value of 2 euros, was reduced to an amount of 1,178,837.25 euros, divided into 4,715,349 shares of a nominal value of 0.25 euro. The amount of capital reduction, i.e. 8,251,860.75 euros, was allocated entirely to the account "Share premium".</p> <p>The previous amount of the nominal value of the security, higher than the trading share price, constituted a legal obstacle for any potential transaction of a capital increase. This capital reduction was not motivated by the clearance of previous accounting losses,</p> <p>During this extraordinary general meeting, shareholders also approved the update of the articles 27.2, 30.1 and 12 of the statutes of the Company.</p>
Reasons for the offer and use of proceeds	<p>The proceeds of this capital increase will be used to finance the industrial growth based on the following major steps:</p> <ul style="list-style-type: none">– Accelerating the development of the MEMSCAP core businesses primarily in the areas of avionics, optical communications and medical / biomedical market segments.– Supporting the development of high potential projects initiated during fiscal year 2011 including the development of pressure modules for engine control applications in the avionics field, the product portfolio extension related to optical variable attenuators as well as the industrialization of components for the biomedical sector.– Supporting commercial activity in Asia, particularly in China, and further strengthening the financial structure of the Company. <p>In case of a minimum subscription of 75% of the rights issue, points #1 and #2 concerning the use of proceeds would not be significantly affected since the funding of these programs can be ensured by the expected growth of the operations and the cash of the Company. Point #3 which is dedicated to strengthen the sales operations in Asia, in particular in China, could be temporary postponed by approximately 12 months in case of a minimum subscription of 75% of the rights issue.</p>
Number of new shares	1,178,837 new ordinary shares to be issued which may be increased to 1,355,662 new ordinary shares in the event of the exercise of the extension clause.
Share issue price	0.85 euro per new share.
Gross proceeds of the rights issue	1,002,011 euros which may be increased to 1,152,313 euros in the event of the exercise of the extension clause.



MEMSCAP

The Power of a Small World™

Not for publication, distribution or dissemination, directly or indirectly, in the United States, Canada, Australia or Japan.

Estimated net proceeds of the rights issue	Approximately 971 thousand euros which may be increased to 1 121 thousand euros in the event of the exercise of the extension clause.
Extension clause	Depending on demand, the Board of Directors may decide to increase the initial number of new shares to be issued by up to 15%, or to a maximum total of 1,355,662 shares, by exercise of the extension clause, raising the total amount of the capital increase to at most 1,152,313 euros, it being noted that the exercise of the extension clause is exclusively available to satisfy orders on a reducible basis that could not otherwise be satisfied.
Date the new shares take effect	The settlement of the rights issue and the listing of new shares are scheduled to take place on February 7, 2012. The new shares will be of the same category and will be considered identical to the shares of MEMSCAP already listed for trading on NYSE-Euronext Paris, (Compartment C - ISIN FR0010298620).
Preferential subscription rights (PSRs)	<p>Each shareholder will be granted one preferential subscription right per share held as of the close of trading on Euronext Paris on January 12, 2012. 4 preferential subscription rights will entitle their holder to subscribe on an irreducible basis (à titre irréductible) for 1 new share at 0.85 euro. Shareholders or purchasers of preferential subscription rights may, when placing their order to subscribe new shares on an irreducible basis corresponding to their preferential subscription rights, ask to subscribe on a reducible basis (à titre réductible) for a number of additional new shares. New shares which are not subscribed after the exercise of preferential subscription rights on an irreducible basis will be allocated to subscribers on a reducible basis, at the same price of 0.85 euro per new share.</p> <p>If subscriptions on a reducible and irreducible basis do not absorb the total amount of the entire rights issue, the Board of Directors may either, reduce the amount of the transaction in the amount of subscriptions received, provided that it reaches at least three-quarters of the amount of the issue or distribute all or part of the unsubscribed shares between persons of his choice, or offer them to the public.</p> <p>During the subscription period, running from January 13, 2012 to January 26, 2012, inclusive, the preferential subscription rights will be listed for trading on NYSE-Euronext Paris under ISIN FR0011176569.</p>
Theoretical PSR price	<p>Taking into account the closing price of MEMSCAP shares on January 9, 2012 (1.10 euros):</p> <ul style="list-style-type: none">- The subscription price (0.85 euro) represents a 0.25 euro discount.- The theoretical PSR price amounts to 0.05 euro.- The theoretical share price excluding PSR amounts to 1.05 euros.- The subscription share price (0.85 euro) represents a 19.05% discount compared to the theoretical share price excluding PSR.
Listing of new shares	The listing of new shares is scheduled to take place on February 7, 2012 on NYSE-Euronext Paris. New shares will be traded on the same quotation line as the existing shares under the same code (ISIN FR0010298620).
Subscription commitments by major shareholders and third parties	<p>On December 29, 2011, Mr Jean Michel Karam, Chairman of the Board and Chief Executive Officer, has undertaken:</p> <ul style="list-style-type: none">- to subscribe on a irreducible basis for 65,313 euros that represent 76,839 new shares corresponding to his entire preferential subscription rights.- to subscribe on a reducible basis for a minimum amount of 34,687 euros that represents 40,808 new shares. <p>Consequently, Mr Jean Michel Karam has undertaken to subscribe for a minimum amount of 100,000 euros both on an irreducible and reducible basis. Mr Jean Michel Karam owns 307,359 shares at the date of the Securities Notice representing 6.5% of the capital of the Company.</p> <p>The members of the Board of Directors and the management team have also undertaken:</p> <ul style="list-style-type: none">- to subscribe on a irreducible basis for 16,479 euros that represent 19,387 new shares corresponding to their entire preferential subscription rights.- to subscribe on a reducible basis for a minimum amount of 433,521 euros that represents 510,025 new shares.



MEMSCAP

The Power of a Small World™

Not for publication, distribution or dissemination, directly or indirectly, in the United States, Canada, Australia or Japan.

Consequently, the members of the Board of Directors and the management team have undertaken to subscribe for a **minimum** amount of 450,000 euros both on an irreducible and reducible basis. The members of the Board of Directors and the management team own 77,560 shares at the date of the Securities Notice representing 1.6% of the capital of the Company.

Mr Jean Michel Karam, Chairman of the Board and Chief Executive Officer, the members of the Board of Directors and the management team of MEMSCAP have undertaken to subscribe for a **minimum** amount of 550,000 euros to the capital increase representing 55% of the total amount of the rights issue.

The company is not aware of the intentions of any of its other shareholders.

Underwriter

There is no underwriting agreement which ensures that the rights issue will be fully subscribed. At the date of the AMF visa to the Securities Notice, Mr Jean Michel Karam, Chief Executive Officer, the members of the Board of Directors and the management team of MEMSCAP have undertaken to subscribe for a minimum amount of 550,000 euros to the capital increase representing 55% of the total amount of the rights issue. Since these subscription commitments are under 75% of the total amount of the rights issue, the transaction is not underwritten and may not be finalized.

* * *

TIMETABLE

20 June 2011	Extraordinary general meeting of MEMSCAP shareholders authorizing the capital increase.
11 January 2012	Temporary suspension of the contract of liquidity. Visa to the Prospectus from the Autorité des Marchés Financiers (AMF).
12 January 2012	Publication by the Company of a press release setting out the main details of the capital increase and details of the availability of the prospectus. Publication by NYSE-Euronext of the issue notice.
13 January 2012	Beginning of subscription period. Detachment and start of trading of the PSRs on NYSE-Euronext Paris.
26 January 2012	End of subscription period. End of listing of the PSRs.
2 February 2012	Decision by the Board of Directors regarding exercise of the extension clause. Publication of a press release by the Company announcing the result of subscriptions. Publication by NYSE-Euronext of notice of listing of new shares indicating the final amount of the capital increase and the distribution table for subscriptions on a reducible basis.
7 February 2012	Issuance and listing of the new shares on NYSE-Euronext Paris. Settlement and delivery. Start of trading in new shares on NYSE-Euronext Paris. Restart of the contract of liquidity.

* * *



MEMSCAP

The Power of a Small World™

Not for publication, distribution or dissemination, directly or indirectly, in the United States, Canada, Australia or Japan.

This press release and the information contained herein does not constitute or form part of, and should not be constituted as, an offer or invitation to sell or subscribe for, or a solicitation of any offer or invitation to acquire, dispose of or subscribe for, shares in MEMSCAP ("the Company") in any country. The publication of this press release in certain countries may violate applicable regulations. With respect to the member states of the European Economic Area which have implemented the Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 (the "Prospectus Directive"), other than France, no action has been undertaken or will be undertaken to make an offer to the public of the securities referred to herein requiring a publication of a prospectus in any relevant member state (other than France). As a result, the securities may not and will not be offered in any relevant member state (other than France) except in accordance with the exemptions set forth in Article 3(2) of the Prospectus Directive, if they have been implemented in that relevant member state, or under any other circumstances which do not require the publication by MEMSCAP of a prospectus pursuant to Article 3 of the Prospectus Directive and/or to applicable regulations of that relevant member state. The information contained therein does not constitute an offer for securities in the United States, Canada, Australia or Japan or in any other jurisdiction. This press release should not be published, transmitted or distributed, directly or indirectly, into the United States, Canada, Australia or Japan. This press release is not an offer for sale or a solicitation of offers to purchase MEMSCAP securities in the United States. The securities of MEMSCAP may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. MEMSCAP does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States. This press release does not constitute an invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000 and is for distribution only to persons who (A) are outside the United Kingdom, or (B) are qualified investors as described in section 86(7) of the Financial Services and Markets Act 2000 (being persons falling within Article 2.1(e)(i), (ii) or (iii) of Directive 2003/71/EC) and (i) have professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Order, or (iii) to whom it may otherwise be lawfully communicated (all such persons together being referred to as "relevant persons"). This press release is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this press release relates is available only to relevant persons. This press release contains forward-looking statements. No guarantee can be given as to any of the events anticipated by the forward-looking statements, which are subject to inherent risks, including those described in the Document de Référence registered with the Autorité des Marchés Financiers under number R.11-066 on November 25, 2011 and the Note d'Opération that was approved by the Autorité des Marchés Financiers on January 11, 2012, changes in economic conditions, the financial markets or the markets in which MEMSCAP operates.