



**MEMSCAP ANNOUNCES IT HAS SIGNED AN AGREEMENT OF SALE  
OF ITS BERNIN MANUFACTURING SITE TO SOITEC**

*The sale would totally annul the Group financial liabilities and  
would improve the consolidated net result by over 1 million euros on an annual basis.*

**Grenoble, France and Durham, North Carolina, July 6, 2006** – MEMSCAP (Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces it has signed an agreement of sale of its Bernin manufacturing plant.

The Company has concluded with SOITEC (Euronext : SOI) an agreement of sale of its Bernin manufacturing site for a net amount of 13 million euros, which includes the transfer of the existing site lease-back agreement. This sale would totally annul MEMSCAP financial liabilities (with a net cash over 10 million euros) and would enable the Company to increase its cash by more than 7 million euros, as shown in the table below:

<i>In thousand euros</i>	<b>Prior to sale</b> <i>(Estimated amounts as of June 30, 2006)</i>	<b>Post sale</b>
Financial Liabilities	(10 449)	(1 710)
Financial Assets	3 676	1 121
Cash *	3 880*	10 601*
<b>Net Cash / (Net Liabilities)</b>	<b>(2 893)</b>	<b>10 012</b>

\* excluding an unused overdraft of 0.5 M€

Except for an exceptional consolidated accounting loss of 4.4 million euros, that is the difference between the net sale amount and the net book value of the site, and which will be recorded in the books for the 2<sup>nd</sup> quarter results, the sale impact on the Group annual net result would be an improvement of over 1 million euros per year.

<i>Annual basis, In thousand euros</i>	<b>Prior to sale</b> <i>(Estimated amounts as of June 30, 2006)</i>	<b>Post sale</b>
Financial Loss generated by the lease and buy-back agreement	(360)	0
Financial Profit generated by the net proceeds of the sale transaction	0	210*
Operational expenses (maintenance fees) and taxes related to the Bernin site	(500)	0
<b>Total</b>	<b>(860)</b>	<b>210</b>
<b>Impact of the sale</b>		<b>1070</b>

\*on an interest rates basis of 3% based on the cash generated by the sale

The impact of the sale on the annual consolidated Group cash flow (taking into account the reimbursement of the lease-back agreement from the financial assets) would be an improvement of around 2.4 million euros.

<i>Annual basis, In thousand euros</i>	<b>Prior to sale</b> <i>(Estimated amounts as of June 30, 2006)</i>	<b>Post sale</b>
Annual payment related to the lease and buy-back agreement from Cash	(1 184)	0
Annual payment related to the lease and buy-back agreement from Financial Assets	(471)	0
Financial Profit generated by the net proceeds of the sale transaction	0	210*
Operational expenses (maintenance fees) and taxes related to the Bernin site	(500)	0
<b>Total</b>	<b>(2 155)</b>	<b>210</b>
<b><i>Impact of the sale</i></b>		<b>2 365</b>

*\*on an interest rates basis of 3% based on the cash generated by the sale*

The completion of the sale with signature of the official sale act should take place shortly right after the realization of the suspensive conditions.

« The sale of our Bernin manufacturing site, where production had been stopped in 2003, means the end of MEMSCAP financial debts, and represents a major turning point in our Group development and growth», declares Jean Michel Karam, Chief Executive Officer of MEMSCAP. « We are also satisfied that this sale be made to SOITEC, our neighbour, as this contributes to the industrial development of the Grenoble region ».

« We are delighted to acquire the manufacturing site of MEMSCAP within the frame of our growth projects, because this site is of an exceptional quality, and enables us to be immediately operational», comments André-Jacques Auberton-Hervé, Chief Executive Officer of SOITEC.

**2<sup>nd</sup> quarter revenue and results will be published on July 20, 2006.**

**A Financial Analysts meeting will be held on July 24, 2006, at 5.30 PM.**

#### ***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 Euronext Paris S.A (ISIN: FR0010298620-MEMS), where MEMSCAP belongs to the Next Economy segment. More information on the company's products and services can be obtained at **www.memscap.com**.

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