



## **MEMSCAP CONFIRMS A CAPITAL INCREASE AND ASSOCIATES ALL ITS SHAREHOLDERS**

*Capital increase and issuance of free warrants for the benefit of the shareholders  
will be submitted to the Shareholders' meeting to be held on December 29, 2003*

**Grenoble, France and San Jose, California, December 16, 2003** – MEMSCAP (Euronext: MEN), the leading provider of innovative solutions based on micro-electro-mechanical technology (MEMS), today confirms, as previously announced in a press release, that the Company Shareholder's meeting (convened by official publication on December 12, 2003) will deliberate on December 29, 2003, on two main topics that are: a new capital increase in cash of an amount in euros equivalent to 1.5 million US dollars and an issuance of free warrants ("BSA") for its shareholders.

### **1. RESERVED CAPITAL INCREASE**

The Investment Agreement that had been concluded between MEMSCAP and financial investors will be executed by a reserved capital increase in cash through the issuance of shares associated with warrants C ("ABSA C"), for an amount in euros equivalent to 1.5 million US dollars. The investment will mainly be made by STI Ventures, Evergreen Partners and Platinum Neurone Ventures, former investors of GalayOr, a company acquired by MEMSCAP.

The main characteristics of the issuance are :

- Subscription price : 0.44 euro per ABSA C.
- Euro/dollar exchange rate used: exchange rate on December 24, 2003.
- Number of ABSA C issued : around 3 millions, which represents around 3% of the Company share capital. The exact number of ABSA C will be finalized in accordance with the exchange rate of December 24.
- Reserved investors : financial investors, former shareholders of GalayOr company.
- Each ABSA C will be attached to a BSA C, immediately released after issuance.
- The BSA C are registered and can be exchanged, but will not be submitted for trading to the 'Nouveau Marché' of Euronext,
- Four (4) BSA C will give right to subscribe to one (1) MEMSCAP share at a price per share of 0,05 euro.

### **2. ISSUANCE OF FREE WARRANTS ADMITTED TO TRADE**

Within the scope of this operation, MEMSCAP will again open to its shareholders the possibility to participate to the capital increase through the exercise of warrants (BSA). Each shareholder will receive a free warrant per share held, to the exception of the subscribers of ABSA C, who will give up their rights attached to the BSA attributed to them.

The main characteristics of the issuance are :

- One (1) BSA will be attributed to each share held at closing of the stock exchange on December 26, 2003.
- The number of BSA will be equal to the number of outstanding shares minus the number of shares held by the ABSA C subscribers. If these subscribers were to neither buy nor sell shares between October 6 and December 26, the 103.487.533 BSA issued would be reduced to 82.354.056 BSA giving right to the subscription of a maximum of 13.725.676 new shares.
- Six (6) BSA will give right to subscribe to one (1) MEMSCAP share at a priced per share of 0.36 euro. This parity has been defined in order to compensate the dilution resulting from the issuance of ABSA C, BSA C as well as the acquisition in shares of OPSITECH.
- The BSA will be presented for admission to trading at the Nouveau Marché of Euronext. They will be tradable and exercisable during a period of 30 calendar days.

« MEMSCAP strategy during this year has included major milestones, including company acquisitions and cash increases, together with drastic cost reduction measures », declares Jean Michel Karam, Chief Executive Officer of MEMSCAP. « On the other hand, our Company has been adamant to complement these financial operations with mechanisms that reward the faithfulness of its shareholders through the issuance of free warrants.»

**A PROSPECTUS RELATED TO THESE ISSUANCES WILL BE SUBMITTED  
TO A VISA OF THE FINANCIAL MARKETS AUTHORITY (AMF)**

**About MEMSCAP**

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions. MEMSCAP solutions include components, component designs (IP), design software, 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 MENS (FR0004155455-MEN), 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>

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