



MEMSCAP ACQUIRES OPTOGONE

*The liquid crystal Brittany based specialist
Becomes a MEMSCAP Group company*

Grenoble, France and Durham, North Carolina, October 20, 2004 – MEMSCAP (Euronext: MEN), MEMSCAP (Euronext: MEN), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces it has entered into a definitive agreement to acquire the Brittany-based company Optogone.

A spin-off from the French “Ecole Nationale Supérieure des Télécommunications-Bretagne” (ENST) in alliance with France Télécom and with the participation of prestigious investment funds such as Spéf Ventures and T-Source, Optogone is specialized in optical components integration for DWDM network. Based on liquid crystal technology, Optogone know-how is backed-up by numerous patents.

This acquisition will consolidate the French central R&D as well as the communications focus of MEMSCAP. Its complementarity with the activities of the companies previously acquired by MEMSCAP will enable a better grasp of and control on products and technological developments in these sectors. Furthermore, Optogone know-how and patents blend perfectly with existing MEMSCAP IP to make a strong and unique communications IP portfolio.

Conceived to cater today for tomorrow’s needs, this new technology will give MEMSCAP more means to offer its clients ever more integrated solutions for DWDM networks, with no cost increase.

"The combination of the new liquid crystal technology and the established MEMS technology for optical solutions, opens new opportunities for the development of key products. Next to VOAs and switches, for which MEMSCAP is renowned and trusted by prestigious clients, the active optical technology will, thanks to Optogone contribution, be the first one to benefit from these interactions combining ultimate reliability and cost-effective price", states Professor Jean Louis de Bougrenet de la Tocnaye, President and technical director of Optogone.

According to the agreement, MEMSCAP acquires Optogone for 3.8 millions euros, by issuing 12 961 952 common shares upon closing of the transaction. In addition, MEMSCAP may be required to issue 3 030 303 additional shares as consideration, contingent on Optogone achieving certain revenue targets over the 24 months period after closing. The acquisition will be subject to

customary approvals and review including the approval of MEMSCAP shareholders, review of the transaction by an independent appraiser ('commissaire aux apports') and approval by the stock market regulatory authorities.

In addition to the technology, the patents and the relationship with ENST and France Télécom, this acquisition reinforces MEMSCAP cash position by 3 million euros.

"Since the beginning of its operations, MEMSCAP has built its legitimacy in the communications industry on expertise and know-how. Now, foreseeing tomorrow's needs is a necessity in any industry. The work done by Optogone, enhanced by our expertise, our production capacity as well as our commercial network give us the vision and the tools we need to continuously provide our clients with ever performing solutions at the most cost effective price", declares Jean Michel Karam, Chairman and Chief Executive Officer of MEMSCAP.

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 (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>

About Optogone

OPTOGONE is specialised in conception and development of active optical components and associated technology for long haul and metro optical networks, based on liquid crystal technology. These solutions include components (dynamic gain equalizers) and IP. More information on the company's products and services can be obtained at <http://www.optogone.com>.

For more information contact:

Aurore Foulon
Vice-President
Corporate Communications,
MEMSCAP
Tel. : +33 (0)4 76 92 85 00
aurore.foulon@memscap.com

Philippe Gravey
Chief Executive Officer

OPTOGONE
Tel : +33 (0)2 98 05 88 60
Philippe.gravey@optogone.com