



## **MEMSCAP engages a reorganisation and targets profitability for 2004**

*Another step on the path to profitability for the MEMS leader*

**Grenoble, France and San Jose, California, October 15, 2003** - MEMSCAP (Euronext : MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announces, within the scope of its general restructuring initiated earlier this year, a complementary reorganisation in order to further the efforts already engaged towards a return to profitability in 2004.

In parallel to the capital increase and the acquisition of GalayOr, both of which were finalised this month and contributed to a 5 million dollars cash increase, the company is engaging into a reorganisation in order to better the efficiency and productivity at group level.

Those measures apply to all business segments of the MEMSCAP group throughout the world and include:

- A concentration of the company around three core activities through business units, each having a dedicated production centre and specialised sales teams:
  - o 'Standard products', including sensors for medical and aerospace/defence applications; products for optical communications and the Skin Station for dermatology and cosmetics;
  - o 'Custom-made foundry services', based in North Carolina;
  - o 'Software'.

Those three core activities will keep being supported by a central research team and a G&A team based in France.

- The centralisation of Egyptian activities around the Software and Skin Station business.
- The suspension of production and development operations in Bernin (France), leading to a headcount reduction of 25 people.

Resulting from those measures, the total worldwide headcount of the company would go below 165 employees, a number taking account the GalayOr team.

« Our determination to a come back to profitability in 2004, despite unfavourable market conditions, has lead us to set up rationalisation and cost reduction measures, in parallel to our actions to grow the business revenue. Those measures, already showing results, have been strengthened by strategic operations, such as the capital increase and the acquisition of GalayOr, operations in which our shareholders have been invited to participate, with privileged subscription conditions including warrants», declares Jean Michel Karam, President and CEO, MEMSCAP. «Our results in 2004 will fully benefit from those actions».

### **Issuance of free warrants for MEMSCAP shareholders.**

You have received free warrants at a ratio of one warrant per share held on Octobre 6, 2003. Deadline to exercise your warrants is November 11, 2003. 5 warrants entitle the holder to buy one MEMSCAP share at a price of 0.36€. For more information, visit our web site <http://www.memscap.com> as well as the market regulation authority ( COB) at <http://www.cob.fr>

### **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 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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