DECLARATION OF KARIN HOUGEN OF BOEING SATELLITE SYSTEMS

I, Karin Hougen, hereby declare the following to be true and correct to the best of my personal knowledge and belief.

1. I am the procurement agent for certain high-reliability electronic components used in systems produced by Boeing Satellite Systems, a division of Boeing Company. Boeing Satellite Systems ("Boeing Satellite") designs and produces complex electronic systems used in military and commercial satellite programs, including US Navy's Mobile User Operating Systems ("MUOS"), the NASA Tracking and Data Relay satellite data communications system, and XM satellite radio.

2. I submit this sworn statement in connection with the investigation of the United States Department of Justice into Microsemi Corporation's ("Microsemi") July 2008 acquisition of Semicoa, Inc. ("Semicoa"). I am very concerned about this acquisition, because it makes Microsemi the only source Boeing Satellite can turn to for certain high-reliability electronic components critical for use in major military and commercial satellite programs. Before the acquisition, Microsemi and Semicoa competed to sell these critical components to Boeing Satellite; the acquisition has totally eliminated that competition.

3. I have been in my current position for about three and a half years. As a procurement agent, I am one of the people responsible for obtaining quotes from qualified vendors for component-level products for satellite systems that Boeing Satellite builds, and choosing the supplier from which Boeing Satellite will purchase those components. The group of products for which I am responsible consists primarily of high-reliability transistors and high-reliability diodes, which account for about 90% of my purchases.

4. When I use the term high-reliability parts, I am referring to parts classified by the United States Department of Defense as meeting the highest standards of reliability. The Defense Supply Center Columbus ("DSCC") maintains a list of qualified parts made by specific manufacturers, generally known as the Qualified Manufacturers List, or QML. Within the QML, DSCC rates the parts by putting them into different categories, known as Joint Army-Navy ("JAN") categories, that correspond roughly to different levels of reliability. The highest reliability level is JANS, which stands for Joint Army-Navy Space and is used for parts that must meet the rigors of usage in space programs. The engineers and planners at Boeing Satellite determine whether a given component on that satellite must be JANS as opposed to another reliability grade. They make this determination on the basis of the needs of the project.

5. I become involved in the purchasing of these parts when I receive a document called a Purchase Requisition from the Requirements Planning department at Boeing Satellite. The Purchase Requisition states, among other things, the part number, the quantity needed, the date by which Boeing Satellite needs to have those parts delivered, and suggested sources of supply. The Purchase Requisition will designate whether the part must be JANS, or whether it may be a Specification Control Drawing, or SCD. The SCD designation is used only when a JANS part is

either totally unavailable, or when the lead times quoted by the manufacturers are so long that Boeing Satellite must find another source for the part so it can meet its schedule requirements. I have never seen a Purchase Requisition that specified a part that was rated by DSCC at less than the JANS level. When I receive the Purchase Requisition, I refer to both a Boeing Satellite document called the Approved Parts List ("APL"), which lists all the companies that are approved suppliers for that particular part, and the QML, to see if there are qualified suppliers that are not listed in the APL.

6. When I receive the quotes, I decide on the winner on the basis of a "best value analysis," a procedure set up by Boeing Satellite to govern the selection of winning bidders. In doing this analysis, the first thing I look at is whether the quotes meet our requirements for delivery. That is the most important aspect of the bid, because if delivery of the part cannot be done in time to meet the Boeing Satellite schedule, that could affect the ability of Boeing Satellite to meet its commitments to deliver its systems on time. I also consider price, whether the part meets the technical requirements set out by the Boeing Satellite engineers, the quality of the part, and the manufacturer's past performance on other orders. If a quote raises technical issues, I consult with Boeing Satellite engineers before making a final choice among the quotes. If a quote raises questions as to whether the necessary delivery dates can be met, I consult with the Boeing Satellite planners. I normally award an order to only the winning bidder, rather than splitting an order among more than one bidder.

7. Until July 2008, I was able to turn to two suppliers – Microsemi and Semicoa – for a number of critical JANS transistors. I knew that both companies were suppliers of these parts because both were listed on the APL and the QML. I knew that there were no other approved sources for these transistors because the QML did not list any other companies as approved suppliers. Consequently, when I received requisitions for these parts, I issued Requests for Quotations to both Microsemi and Semicoa, and to no other company.

8. While there are descriptions of these parts on the purchase requisitions I receive, I know these parts primarily as part numbers, rather than as particular types of transistors. I know that for these particular part numbers Microsemi and Semicoa were the only names on the APL and the QML, and that I issued Requests for Quotation to these companies and to no one else. Of these parts, the ones that I purchased the most included those designated as JANS2N2222AUB, JANS2N2907AUB, JANS2N3700UB, JANS2N2484UB, JANS2N5153L, JANS2N4033UB, and JANS2N3019.

9. In a letter dated July 15, 2008, Microsemi informed Boeing Satellite that Microsemi had purchased Semicoa. I was very unhappy about this acquisition because I knew it meant that I would no longer have the competition between Microsemi and Semicoa that I had obtained in the past. I knew that I would no longer be able to choose the lowest price offered by Microsemi or Semicoa, and would have to accept whatever quoted price and delivery I was offered by Microsemi. I am also concerned that there will be a greater risk of delayed deliveries now that I have only one source for these transistors and not alternative sources, as I did before Microsemi

acquired Semicoa. It is of great importance to Boeing Satellite, and to the programs it is providing to the United States military and other customers, that the competition that had been provided by Semicoa be restored.

10. If a JANS part is simply unavailable, or if the lead times quoted to me by the approved suppliers are so far beyond the date on which Boeing Satellite needs the part that the part is effectively unavailable, I may go to the Boeing Satellite engineers and ask them to identify alternative sources. Boeing Satellite may be able to use a process called "upscreening" to make a non-JANS part close to the reliability of a JANS part. This process is very expensive and time consuming, however, and is not used just because the price of a part has gone up. I do not recall ever recommending that Boeing seek an alternative source based on the price of a part that was in fact available, nor do I recall the Boeing Satellite engineers ever agreeing to use a non-JANS part under such circumstances.

I declare under penalty of perjury, that the foregoing is true and correct.

Executed at El Segundo on Dec 16, 2008

Karin Lynn Hougen

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