

**UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA**

UNITED STATES OF AMERICA,

Plaintiff,

v.

MICROSEMI CORPORATION,

Defendant.

Civil No:

Filed:

**DECLARATION OF CAPTAIN JOHN NICHOLSON OF THE UNITED STATES  
NAVY MOBILE USER OBJECTIVE SYSTEM PROGRAM**

I, Captain John Nicholson, hereby declare the following to be true and correct to the best of my personal knowledge and belief:

1. I am a Captain in the United States Navy. I am the Deputy Program Director for the Navy's Mobile User Objective System ("MUOS") program. I have a BS in Mechanical Engineering, and Masters Degrees in Aeronautical and Astronautical Engineering. I have served in the Navy for 22 years. I have worked with the MUOS program from its inception in 1999 and I regularly meet with the prime contractors on the project as well as with major suppliers. My current responsibility for the MUOS program is to oversee all aspects of the program management and contract execution.
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"), a transaction that seriously concerns me because it makes Microsemi the sole supplier of certain critical components that are essential to the success of the MUOS program.
3. The purpose of the \$6.8 billion, five satellite, MUOS program is to replace the UHF satellite communication system used by the entire Department of Defense ("DoD"). The UHF satellite system is unique because a UHF radio unit is small enough to be hand carried by warfighters on the battlefield. The MUOS program satellites will replace several UHF satellites that are currently in orbit, the first of which is projected to fail in 2009. If the current MUOS satellites are not launched on time, it could seriously impact communications for the warfighters in Iraq and Afghanistan, where the current UHF satellites provide the primary means for beyond-

line-of-sight communication to mobile tactical units. The first MUOS satellite launch is scheduled for 2010 and one is scheduled to follow each year until 2014.

4. Space-qualified small signal transistors and ultrafast rectifier recovery diodes are critical to the MUOS program as it would be difficult, time-consuming, expensive, and sometimes impossible to design around these parts. Prior to the acquisition of Semicoa, both Microsemi and Semicoa supplied space-qualified small signal transistors to the MUOS program via the program's prime contractor, Lockheed Martin. Lockheed Martin also purchases space-qualified ultrafast recovery rectifier diodes for the MUOS program from Microsemi, and has informed the program that it considered Semicoa to be an alternative supplier for ultrafast recovery rectifier diodes.

5. The satellites produced by the MUOS program are subjected to extreme conditions over their 15 year life cycle. The satellite, and its components, must be capable of withstanding the vibrations that occur during launch. After launch the satellite will orbit approximately 40,000 kilometers above the earth and must continuously operate in the extreme hot and cold temperatures of the space environment. Because of these demanding conditions and long life-span, highly reliable performance is essential for the electronic components used by the MUOS program.

6. The Defense Supply Center in Columbus, Ohio ("DSCC") qualifies manufacturers to make electronic components at different grades of reliability. Parts qualified under DSCC's highest quality grade, Joint Army-Navy Space ("JANS") are subjected to numerous tests during the manufacturing process and are intended to deliver highly reliable performance when used in space. JANS parts are essential to the MUOS program and are used whenever they are available. JANS parts (unlike lower level parts such as JANTX and JANTXV) must be made from manufacturing lots in which all the parts are processed simultaneously, ensuring that every part in the lot is made from the same material under the same conditions. This ensures that test data from a sample selection can be reliably applied to the whole lot. That is important so that the MUOS program is not affected by random defects of individual parts as the spacecraft is assembled and operated. The reliability and consistency guaranteed by JANS parts is essential if MUOS program satellites are to perform their intended function while being exposed to the harsh conditions in space. Therefore, the MUOS program uses JANS parts whenever they are available.

7. If the MUOS program needs a particular part and there are no JANS parts available, then a lower-grade part must be subjected to significant additional testing (referred to as "upscreening") to be as close to JANS quality as possible. However, upscreaming imposes additional cost, delay, and potentially, decreased reliability. To my knowledge, the MUOS program has never chosen to upscreen parts based on the price difference between JANS parts and lower-grade parts.

8. Upscreened parts are used only if necessary to meet deadlines or launch a replacement satellite before its predecessor fails. To use non-JANS parts, a supplier must make a submission to the program's Parts and Material Process Control Board ("PMPC Board"). The supplier must

justify the choice of the non-JANS part and demonstrate how the part would be upscreened to be as close to JANS quality as possible. The PMPC Board, which includes representatives from the MUOS program, must approve any non-JANS parts. To my knowledge, the PMPC Board for the MUOS program has not approved the use of any non-JANS parts when there is a JANS part available to meet the spacecraft production schedule.

9. Whenever there is a single supplier of a JANS component I am concerned that delivery times for that part will become longer than for similar parts and that prices will become higher than those charged for comparable parts. Because of its acquisition of Semicoa, at this time, Microsemi is the MUOS program's sole supplier of JANS small signal transistors and JANS ultrafast recovery rectifier diodes. Based on my experience, I am concerned that Microsemi could increase prices and delivery times on JANS small signal transistors and JANS ultrafast recovery rectifier diodes. Due to operational schedule pressure, the MUOS program contractors would have no choice but to purchase these parts from Microsemi, potentially adversely affecting the cost and schedule of the MUOS program.

I declare under penalties of perjury, that the foregoing is true and correct.  
Executed at San Diego, California on 12 Dec, 2008.

JCN, CAPT, USN  
John Nicholson, Captain, U.S. Navy