

## News Release

For Immediate Release  
March 2012

### ***XTREME* SEMICONDUCTOR ASSISTS WITH SENATE ARMED SERVICES COMMITTEE INVESTIGATION INTO COUNTERFEIT ELECTRONICS MAKING THEIR WAY INTO THE MILITARY SUPPLY CHAIN**

**LEANDER, TX** –*XTREME* Semiconductor announced today that it is working directly with the Department of Homeland Security (DHS) into the investigation of Military grade counterfeit components.

*XTREME* Semiconductor, a supplier of obsolete and trailing edge technology product, has taken their commitment to fighting the influx of counterfeit products to a new level. No longer giving into the economic pressures that drive most companies to return suspect counterfeit product back to the supplier, *XTREME* Semiconductor is now taking a proactive step by confiscating these suspect counterfeit products. "This is the only real action we can take to stop suspect material from resurfacing again in the supply chain," explains Marty Lanning of *XTREME* Semiconductor. "Counterfeit semiconductor products are entering the supply chain at an alarming rate. The risks are real and the results can be catastrophic should one of these counterfeit devices end up in a critical flight-ready system", adds Lanning.

Several months ago, *XTREME* Semiconductor took the initiative to work with Keith Gregory, Partner with Snell & Wilmer L.L.P., to draft new company terms and conditions as they apply to the purchase of semiconductor product. The new terms and conditions compliment *XTREME* Semiconductor's commitment to fighting the flow of counterfeit products coming primarily from China through independent distribution and broker markets. "The new terms clearly state that counterfeit products have 'no value' and therefore nullifies the financial transaction between the two parties," explains Lanning. With no financial value changing hands, this allows the confiscation of suspect counterfeit product to occur. *XTREME* Semiconductor's terms and conditions are written to allow for third party dispute resolution and lot validation. The terms and conditions were composed not to be punitive to suppliers, who in many cases are simply middlemen in the supply chain, but to ensure that products once identified as counterfeit can be taken out of circulation. "This provides protection for everyone, even the middleman suppliers, since trafficking counterfeit product, knowingly or not is a serious crime and one that is going to get a lot more attention very soon," explains Lanning.

With DHS taking the lead in investigating counterfeit electronics crimes, *XTREME* Semiconductor, with the assistance of Kristal Snider of ERAI, contacted the office of the Department of Homeland Security in Austin, Texas for assistance with the disposal of two lots of Military grade counterfeit components in our possession. "Our call was responded to almost immediately and within a day, both lots had been seized by DHS," explains Paul Hilfer of *XTREME* Semiconductor. "Working closely with DHS, we provided detailed information on both lots, including failure analysis, lot rejection reports, supplier information and additional information needed to support the DHS investigation", adds Hilfer. "We provide an opportunity for our suppliers to cooperate with the investigation and encourage them to do so by providing supply chain information that can be helpful to the investigation into the counterfeit material", explains Hilfer.

*XTREME* Semiconductor takes the role in fighting the flow of counterfeit product seriously and encourages other companies who receive suspect or counterfeit product to do the same and report it to DHS. "The process is easy," explains Lanning. "Contact DHS at 1-800-973-2867 and ask for the Special Deputy Agent for "ICE" assigned to your area or city." ICE will assist you with your claim and if the property is seized, will provide you with a DHS Form 6051S, which is a Custody Receipt for Seized Property and Evidence. This document will be your proof that you no longer have possession of the suspect counterfeit material. You can provide this document to your supplier and Escrow Agent if applicable, as proof that you do not have control or possession of the suspect counterfeit material. The original supplier will have the right to contact DHS to claim ownership of the seized material if they feel that the product has been wrongfully seized. If the investigation confirms the material to be authentic or grounds for seizure were not founded, arrangements can be made to return the product to the owner of record.

Visit *XTREME* Semiconductor's website at [www.xtremesemi.com](http://www.xtremesemi.com) to view this presentation and learn more tips on ways you can mitigate your risks of receiving counterfeit components.

*XTREME* Semiconductor specializes in providing solutions for customers who are experiencing problems with the procurement of hard-to-find (DMS), obsolete and end-of-life (EOL) semiconductor components. For more information on *XTREME* Semiconductor, access their web site: [www.xtremesemi.com](http://www.xtremesemi.com)