![Actel POWER MATTERS logo]

22 January 2010

CN Number: CN1001

Re: <u>**RTSX-SU FPGAS ARE NOW CONTROLLED UNDER THE ITAR**</u>

Dear Valued Customer,

On January 19, 2010, the U.S. Directorate of Defense Trade Controls (DDTC) determined that Actel's RTSX-SU FPGAs are subject to the licensing jurisdiction of the U.S. Department of State under the U.S. International Traffic in Arms Regulations (ITAR). This reverses a previous determination that Actel's RTSX-SU FPGAs were subject to the licensing jurisdiction of the U.S. Department of Commerce under the U.S. Export Administration Regulations (EAR). As a result of this most recent determination, **Actel's RTSX-SU FPGAs are now controlled under the ITAR and the written approval of the DDTC must now be obtained before the reexport or retransfer of RTSX-SU FPGAs from one country to another country, from one end user to another end user, or for a different end use.**

Since September 25, 2009, Actel has obtained ITAR licenses for all RTSX-SU FPGA exports. Before then, RTSX-SU FPGAs were exported by Actel under the EAR. For RTSX-SU FPGAs that were exported by Actel under the EAR, it is difficult to now know when a "reexport" or "retransfer" would occur because no end use, end user, or destination was previously authorized by the DDTC. To address this issue, the DDTC has indicated that Actel may submit General Correspondence (GC) to the DDTC listing RTSX-SU FPGAs exported by Actel under the EAR and the end use, end user, and destination of such RTSX-SU FPGAs. Assuming that the GC is approved, the end use, end user, and destination for the listed RTSX-SU FPGAs will be deemed authorized by the DDTC, creating a "baseline" that customers can use to identify when future reexports or retransfers occur.

For RTSX-SU FPGAs that are already in flight, presumably no reexport or retransfer is possible. For an RTSX-SU FPGA that is not yet in flight, customers can obtain a "baseline" from which to make reexport and retransfer determinations by providing the following information (to carol.truhe@actel.com) for inclusion in a GC:

- *Actel Product Name:* whether the FPGA is an RTSX72SU or RTSX32SU
- *End Use:* the specific end use for the FPGA
- *End User:* the ultimate end user of the FPGA
- *Destination:* the country of ultimate destination for the FPGA
- *Project Name:* the specific name of the Project using the FPGA
- *Launch Site*: the country from which the FPGA will be launched

Any questions about the required information may be directed to Carol Truhe at (650) 318-4265. Actel intends to submit an initial GC within the next three weeks.

Attached is a summary of the events leading up to this notification. Questions about those events or this notification may be directed to me at (650) 318-4429.

As mentioned above, we have been obtaining ITAR licenses for all RTSX-SU FPGA exports since September 25, 2009. In addition, our RTAX-S FPGAs have been controlled under the ITAR since March 10, 2004, so we have significant experience exporting FPGAs under ITAR licenses. Accordingly, we do not think that this most recent DDTC determination will disrupt our dealings with customers.

Sincerely yours,
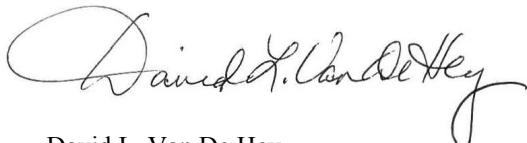
David L. Van De Hey
Vice President & General Counsel
ITAR Empowered Official
Actel Corporation

Summary

Background

- On March 7, 2001, Actel submitted CJ 039-01 to the DDTC regarding Actel's RTSX-S FPGAs, which were manufactured for Actel by Matsushita Electronics Company in Japan using 0.25 micron technology.

- On May 12, 2003, the DDTC determined that Actel's RTSX-S FPGAs are not subject to the ITAR.

- In early 2009, the U.S. Department of Defense (DOD) submitted CJ 002-09, which contended that Actel's RTSX-SU FPGAs should be controlled under the ITAR. Actel's RTSX-SU FPGAs are manufactured for Actel by UMC in Taiwan using 0.25 micron design rules on 0.22 micron process technology.

- On June 15, 2009, the DDTC returned CJ 002-09 (a "request to determine export jurisdiction for the Model RTSX-SU FPGA") without action, noting that CJ 039-01 "remains valid."

- On September 25, 2009, the DOD submitted CJ 556-09, again contending that Actel's RTSX-SU FPGAs should be controlled under the ITAR.

- On October 22, 2009, the Chief of Division III (Space and Missile Technology) of the DDTC's Office of Defense Trade Controls Licensing confirmed that RTSX-SU FPGAs exported by Actel under the EAR before September 25, 2009, would continue to be controlled by the EAR, and thus that there was no need for Actel customers to request or receive approval under the ITAR to reexport or retransfer RTSX-SU FPGAs, unless and until Actel's RTSX-SU FPGAs were determined to be defense articles controlled under the ITAR.

Recent Developments

- On January 19, 2010, Actel's RTSX-SU FPGAs were determined to be defense articles controlled under the ITAR.

- On January 20, 2010, the Chief of the Enforcement Division of the DDTC's Office of Defense Trade Controls Compliance confirmed that all Actel RTSX-SU FPGAs, including those exported under the EAR before September 25, 2009, are now controlled under the ITAR.

- More specifically, the Chief of the Enforcement Division confirmed that the written approval of the DDTC must be obtained before RTSX-SU FPGAs are reexported or retransferred.

Regulations

- A reexport or retransfer is defined under the ITAR as the transfer of a defense article to an end use, end user, or destination not previously authorized by the DDTC.

- When a defense article is shipped to a non-US end user under a license granted by the DDTC, the written approval of the DDTC must be obtained before reselling, transferring, transshipping, or disposing of the article, either in its original form or after being incorporated into other end items, to another destination or end user or for a different end use.

Problem

- When defense articles are not exported under a license granted by the DDTC, such as Actel's RTSX-SU FPGAs exported under the EAR, no end use, end user, or destination was previously authorized by the DDTC.

- In the absence of prior authorization by the DDTC, it is difficult to know when a reexport or retransfer occurs, and arguable that every end use, end user, and destination requires authorization by the DDTC.

Solution

- The Chief of the Enforcement Division indicated that the DDTC will accept General Correspondence (GC) from Actel listing RTSX-SU FGPAs exported by Actel under the EAR and the end use, end user, and destination of such RTSX-SU FPGAs.

- Assuming that the GC is approved, the end use, end user, and destination will be deemed authorized by the DDTC.

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