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CEO Attributes End of the Line for ZF Micro Solutions and its ZFx86 PC-on-a-Chip to CA Franchise Tax Board Refusal to Enforce Tax Laws

Palo Alto, CA, October 24, 2012 – David Feldman, Founder and CEO of ZF Micro Solutions, issues the following statement:

“After a seven year battle with out-of-state companies that we believe have operated illegally in California for more than a decade, ZF Micro Solutions regretfully announces that the ZFx86 FailSafe® System-On-Chip will no longer be available after November 19, 2012 unless the California or Federal government step in to prevent the illegal takeover of our company.

“ZF was sued by three unregulated VC firms with no license to operate in California (or the U.S. in the case of one of the three).

“We have provided irrefutable proof¹ to the California Franchise Tax Board that ZF and its shareholders were defrauded by these entities causing the loss of millions of dollars invested in the company, forcing a lay-off of all employees and placing ZF in Chapter 11 bankruptcy. Now the same foreign entities seek to cause the company’s liquidation and not a single government agency tasked with policing these firms has been willing to act against them or help us.

“This is not the result of a bad business deal. ZF, its shareholders and all honest taxpayers in California are victims of fraud based on perjury¹ and greed by tax evading out-of-state companies using California courts illegally to misappropriate U.S. technology and money from California.

“ZF begged the California Franchise Tax Board for help but the FTB refused to even meet with us and look at the evidence. California law is clear; foreign companies doing business in California, with a physical presence in California (CA office, paid employees, and transacting intrastate business in CA) are required to register with the Secretary of State, file tax returns and pay taxes. If they do not, the law prohibits them from exercising the rights and privileges of honest companies. The three foreign entities that sued our company have never complied with the law.

“Last time buys for the unique ZFx86 should be placed immediately as quantities are limited and we do not know whether ZF will be able to produce additional supplies after November.”

¹ All statements can be verified and are documented. For full details and evidence go to:

www.zfmicro.com and www.FTBisBROKEN.com