

# Legacy Systems

Other OTC:LGYH.PK

Semiconductor Process  
Technology Manufacturer

Investor Briefing - March 2008



# Legacy Systems

- Operates in Wet Process Cleaning segment (\$5.5 Bil) of the Semiconductor Equipment market (\$58 Bil)
- Developed a patented 'Green Chemistry' process for Silicon Wafer Production. Eliminates the need for sulfuric acid, ethanol- amine at high (130 degree) temps.
- Provides wafer cleaning, etching, and photoresist removal technology to semiconductor, solar panel, flat panel, disk media, and LED manufacturers
- Provides patented '**Green Chemistry**' - a more efficient and effective solution of cleaning and resist removal of all size substrates
- Working with one of the semiconductor industry's largest equipment manufacturer for >3 years to optimize the next generation of photoresist strippers called ORGANOSTRIP™ \
- Companys Products and Processes Increase productivity and are better, cheaper, cleaner, greener!

# Management Team

- Robert Matthews, President/CEO
  - Won US Green Chemistry Award issued by White House & EPA
  - 28 years experience with semiconductor industry, MS in Chemistry
  - 16 years process engineering and development with Intel and Texas Instruments
  - 5 worldwide patents issued ; 2 patents pending
- Richard Katzman, CFO
  - 30 years experience in finance and operations in biotechnology, healthcare and information technology
  - Has had management responsibilities in organizations from \$1.5m to \$140m in annual revenue
  - Played a key role in acquisitions totaling \$750m
- Dr Dipak Dutta, VP of Design
  - 33 years experience with electrical design in electronics industry
  - PhD in Electrical Engineering
  - Manager of Electrical Design Engineering for Applied Materials (NASDAQ:AMAT), Varian, LAM Research, Spectra Physics

# Company Basic Information

- Located in Fremont, California
- Founded in 1989
- Began R&D of new wafer cleaning and etching technology in 1997
- Currently holds 5-patents and 2 patent pending for this cleaning technology
- Ticker: LGYH
- Market Cap: \$15,750,000 (2/22/08)
- Public Float: ~2,300,000

# Company History

- 2000
  - Received Investment from Alliance Semiconductor (OTC.BB:ALSC) for company ramp up
- 2004-2005
  - Initiated R&D efforts with Applied materials (NMS:AMAT)
    - Target 'next gen' 32nm technologies
  - Submitted new patent
  - Delivered first automated wetstation
- 2006
  - R&D Results Identified New Market Space
  - Sales Volume Increased to 4 automated wetstations
  - Submitted 2<sup>nd</sup> new patent
  - Diversified Company Products:
    - New Stations; Wafer Process Services; Module Sales

# Market Breakdown

- Semiconductor equipment market produces **\$58 billion** in annual sales with CAGR through 2010 = 5.0%
- Wafer FAB equipment market segment produced **\$41 billion** in annual sales with CAGR through 2010 = 5.7%
- Etch, Clean, Planarization market segment = **\$10.2 billion**
- Wet Process Cleaning Market = **\$5.5 billion**

# Legacy's Unique Value Proposition

- 92% improvement in oxide removal control
- 22% reduction in the cost of consumable materials used in wafer cleaning
- 200% improvement in wafer processing time
- 76% reduction in particles left on the wafer after cleaning

# About The Technology

- Legacy's 'Green chemistry' increases productivity and overcomes two known process deficiencies
  - Photoresist Removal Post Metal Deposition (known as the backend -BE)
  - Photoresist Removal for Cu Stud/Solder Bump Packaging
- Both process chemistries have strong market applications for new photoresist removal technology

# Standard Wet Process Station

What is a “Me To” Wet Station?



Process Timers / LED Displays

Chemical Fume Exhaust

Wet Process Tanks

Operator Push Buttons for Start and Stop of Timers

Wafer go in dry and come out wet. They require manual transfer to a stand alone dryer

Process depends on chemicals manually poured into tanks

# Legacy Wet Process Station

- Combined Wet and Dry Process Batch Wafer Equipment (Wafers go in dry and come out dry)



Isolated Class 1 Wafer Environment

Wafer Handling Automation

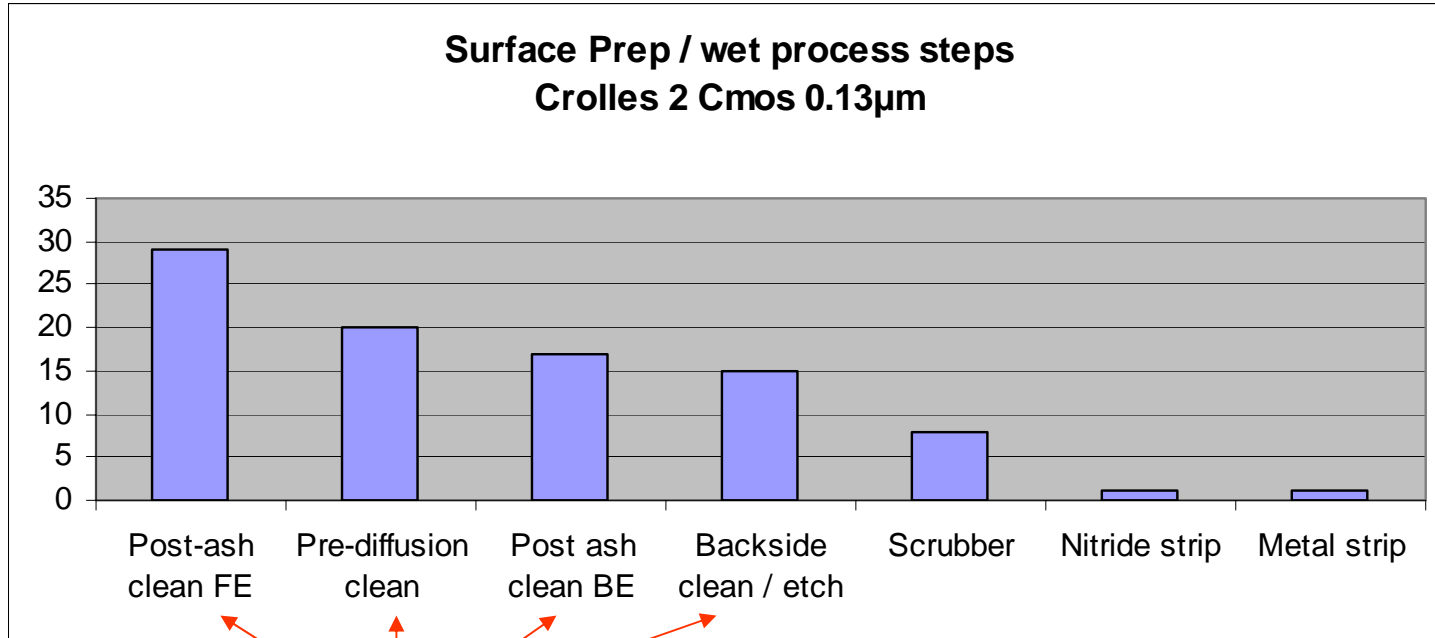
Touch Screen PC Operator Interface

Gas Generation / Automatic Chemical Blending & Delivery to Process Tanks

Gas to Liquid Conversion

Wet / Dry Process Chambers utilizing Patented Chemical Process Technologies

# Breakout of Wet Process Steps



Legacy Processes

Slide from ST Microelectronics : Philips  
Presentation at Semicon West by Dr Didier Levy

# Where Is Legacy Heading

## Vision & Goals

- **Legacy Systems Patent Pending Photoresist Removal Process is positioned to be the plan of record on 32nm technologies and smaller; the technology license is being cultivated with AMAT**
  - Metal Stack Damage Free Resist Removal
  - Low K Dielectric Materials unaffected by PR Removal Process
  - High Wafer Throughput (20 secs/wafer)
  - Low Cost of Ownership with Environmentally Friendly Chemistry
- **Legacy Systems will evolve into the # 1 US Advanced Automated Wet Process Station Supplier**
  - Guaranteed Patented Processes
  - Advanced Wafer Handling Technologies
  - Higher Wafer Throughput
  - Yield Increases
- **As a means to mitigate swings in the capital equipment purchase cycle; Legacy has developed in house wafer process services for resist strip and prediffusion cleans for customers**
  - Customer Service Oriented
  - Implementation of patented processes on application lab equipment
  - Untapped Customer Base s/c, disk mfg, flat panel display, biotech

# Launch of Organostrip Technology

## Immediate Growth Plan

### Two Unique Market Opportunities

1. Convert Tier 1 Back End Customers (Post Metal Deposition) from ashers to Organostrip Resist Removal Process Modules Built for S/C Equipment Manufacturer Supplying Single Wafer Equipment to Tier 1 Companies (like Intel, AMD, IBM, Texas Instruments, TSMC, Infineon)
2. Convert Tier 1 Packaging Customers from a hodgepodge of wet solvent chemistries directly to Legacy Batch Wafer Wet Stations for Solder Bump Processing (like Intel, AMD, IBM, Texas Instruments) using the Organostrip Process

# Competition

The is a robust market with significant companies competing for market share

## Direct –

- Any Wet Process Equipment Manufacturer can be a competitor ex: Semitool, Aktron, FSI, DNS, or TEL. The end user purchases solvents such as amines (ethanolamines and NMP) which are heated to 70 C. These solvent strippers are being phased out due to environmental and health (carcinogenic) concerns.

## Indirect –

- Current Process of Record is an Oxygen Asher Dry Process ex: Mattson, Novellus, Axcelis. The issue is damage to 2/3rds of the low K dielectric film at 32nm technology due to high energetic oxygen species (oxygen radicals)

## Legacy's Response To The Market

- The only photoresist stripper that does not attack the low-K material, has a long chemical lifetime in the process bath, is environmentally friendly, and not carcinogenic – Organostrip Series
- A solution that is faster at removing photoresist (< 2 seconds per 300mm wafer) which translates into high wafer throughput.

# LGYH Historical Financials

	<b>2005</b>	<b>2006</b>
<b>Revenue</b>	\$ 263,001	\$ 1,249,719
<b>EBIDT</b>	\$ (91,118)	\$ (916,009)

# Key Drivers

- Strong management team from Texas Instruments, Intel and Applied Materials
- Proven technologies that reduce yield loss and improve performance
- Award-winning green technologies
- Partnerships and orders from Tyco, Micrel Systems, Cree Semiconductor, Silicon Genesis (SiGen)

# Modutek Aquisition

- Acquisition of Modutek
  - No dilution of focus
    - Modutek is established leader in providing wet process components to the semiconductor, hard disk and flat panel industries
    - Modutek has over 20 years experience.
  - Reduce Costs
    - Utilization of products produced by Modutek-no third party vendors
  - Ramp Sales
    - Addition of existing profitable business and broad customer base
  - Ramp Production
    - Existing manufacturing capabilities increase ability to deliver new 'Green Chemistry' products to market faster and cheaper

# Modutek Financials

	-----Actual-----		-----Projection-----			
	2006	2007	2008	2009	2010	2011
Sales	3,916,918	4,325,814	5,500,000	5,500,000	6,050,000	6,655,000
LESS: Cost Of Goods Sold	2,559,630	2,911,218	3,107,500	3,107,500	3,418,250	3,760,075
<b>Gross Profit</b>	<b>1,357,288</b>	<b>1,414,596</b>	<b>2,392,500</b>	<b>2,392,500</b>	<b>2,631,750</b>	<b>2,894,925</b>
Operating Expenses	801,320	907,104	1,473,336	1,473,336	1,620,670	1,782,737
<b>Income From Operations</b>	<b>555,968</b>	<b>507,492</b>	<b>919,164</b>	<b>919,164</b>	<b>1,011,080</b>	<b>1,112,188</b>
Other Income / <Expense>	(170,363)	(128,466)	(257,166)	(257,166)	(282,882)	(311,171)
<b>Income Before Taxes</b>	<b>385,605</b>	<b>379,026</b>	661,998	661,998	728,198	801,017
Taxes:	139,800	145,882	247,400	247,400	272,140	299,354
<b>NET INCOME</b>	<b>245,805</b>	<b>233,144</b>	414,598	414,598	456,058	501,664

# Post Merger Proformas Financials

## Modutek/Legacy Combined

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Revenue</b>	\$ 10,029,774	\$ 16,949,125	\$ 25,443,962	\$ 40,924,836
<b>EBIDT</b>	\$ (137,574)	\$ 1,465,154	\$ 4,144,248	\$ 10,373,057

# Conclusion

## Legacy/Modutek Merger Drives Value

- **Combined Company**
  - \$10 mil + revenues
  - Expanded Customer base
  - Expanded Production Capability
  - Reduce Costs of Goods Sold
  - 'Green Chemistry' Products to Market Faster
- **Go forward C Company PROFORMA Financials**
  - 2008 \$10 mil revs (\$138K) EBITDA
  - 2009 \$16 mil revs \$1.4 mil EBITDA
  - 2010 \$25 mil revs \$4.1 mil EBITDA
  - 2011 \$40 mil revs \$10 mil EBITDA