



January 22, 2007

## Tego, Inc.

### "Active Functionality in a Passive Tag"

www.tegoinc.com

### Industry: RFID; semiconductors

### Management:

Timothy Butler, CEO  
Javier Berrios, VP-Eng  
Stephen Doyle, VP-BD  
Su Ahmad, VP-Sales

### Board of Advisors:

Prof. Marlin Mickle  
Larry Moore  
Stephen Halliday  
Peter Abell  
Michael Dansby, CPA

### Legal Advisors:

GTC Law Group (IP);  
Wilmer Hale (Corporate)

### Revenues:

2006 Actual \$0  
2007 projected \$0.4 M  
2008 projected \$4 M  
2009 projected \$13 M

### Current Debt:

Founders & angel investors  
\$912K

### Previous Investment:

Seed/Angel convertible deb  
financing: \$912K

### Financing Sought:

\$0.5 million to complete  
Angel round  
\$2.5+ million Series A

### Use of Proceeds:

Product development and  
prototype; Intellectual  
property protection;  
Operating capital

**Business Description:** Tego is a fabless designer and producer of passive RFID tags having high memory and functionality, with applications initially targeted for aerospace and defense. Tego will provide semiconductor chips, tag inlays and software to tag converters (e.g.- Tyco Electronics), label manufacturers (e.g.- Avery Dennison), printers (e.g.- Zebra), and system integrators (e.g.-Northrop Grumman).

**Unique Value Proposition:** Our new passive RFID tag will dramatically outperform existing passive tags in their ability to accept, retain, and send large amounts of data. A problem facing many industries today is the lack of a "passive" (non-battery powered) RFID tag that would enable data to be attached and updated to an item or machine part. Tego will be first to market with unique patent-pending technology for high-memory passive tags targeted at several markets, particularly aerospace & defense. Boeing's Dreamliner project is an example of the use of RFID in aerospace. It plans on attaching tags to over 700 line replaceable units that will have the EPC code, part & maintenance history, warranty, hazmat data, and FAA forms in order to reduce maintenance cycle times, improve component tracking, document environmental stress, and eliminate hundreds of millions in costs from their operations. To date, no supplier meets this need, yet customers from high-value industries will pay \$15-25 for high memory passive tags.

**Sales/Marketing:** Industry size in 2006 for RFID tags reached \$1.22 billion, growing to over \$10 billion by 2016, with aerospace alone requiring over 1 billion tags per year. Tego is initially focusing on the aerospace & defense markets for highly functional passive tags and expand to other industries requiring similar features, such as automotive, healthcare, transportation, oil & chemicals, and other manufacturing sectors. We will sell tags directly to RFID users as well as partners in the RFID market, including printer & encoder companies, reader companies, and solution integrators. Tego will also license technology to other tag & label companies.

### Key Success Factors:

- Testing and validation of ASIC device (beta chip and production)
- Strategic partner development for manufacturing and distribution
- Expansion of internal development team

### Key Risk Factors:

- Future funding delays prior to market introduction
- Technology development risk
- Competitive time to market risk

**Status:** In 2006, Tego achieved these milestones to develop and protect our technology:

- Formulated key concepts and filed omnibus patent application of our IP
- Submitted three additional industry focused patent applications
- Completed and validated initial digital design in May and analog design in August
- Completed a circuit-board prototype using standard RF front-end in October
- Submitted first ASIC design (alpha chip) to foundry in November, due back January 2007
- Partnered with the University of Pittsburgh to develop RF front-end and antenna design
- Negotiated with two strategic partners for future tag manufacturing and distribution

**Funding structure preferred:** Fulfill convertible note to \$1.5m cap. Details available.

**Exit Strategy:** Potential acquisition (2-5 years) by a semiconductor/electronics, solution integrators, readers, label converters, industrial printers, or other larger RFID manufacturer.

**Documents Available:** Power Point presentation, Extended Summary; Financial Overview

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