

Report X

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CONC® MARKETING

The Company is scheduled to meet and display its products with the largest privately owned Utility Thursday morning. The Utility holds 85% of all distribution in Managua the other 15% is owned by the Nicaraguan Government or State, which also provides 100% of power generation and distribution in rural areas outside of the main grid in Managua. I will perform the HNet demonstration at the Union Fenosa Facility commonly known as (UF) go to [UNION FENOSA of Nicaragua](#) for more about UF...To learn more about the Government's programs go to <http://www.ine.gob.ni/>

Tuesdays Meetings:

- Terencio J. Garcia Montenegro and Gustavo Molina Valdivia both senior partners of (Gracia & Bodan) a law firm whom are experts in the power industry that are well versed in energy legislation and Government planning as it concerns power generation, distribution and consumption. Based on their knowledge both agreed that our technology would benefit the current State programs within the rural areas as well as the unincorporated regions of Nicaragua or outside the regional grid of Managua. And further; expressed their ability to direct the company through meetings with Government officials to help expedite our efforts.

Montenegro made it clear that UF is a globe company which is well established in Central America that their law firm has an excellent ongoing working relationship with UF and believes his firm can assist ConectiSys in other regions such as Honduras, and El Salvador. They requested to be present in the meeting with UF and to a second meeting before my departure to establish terms of engagement; I agreed to both.

- Discover Company a family owned business that is a large land banker, commercial builder, and owner of several High-Rise buildings in Managua, "Discover is an impressive high worth entity that is well known within the power industry". They have agreed that ConectiSys may use one of Discover's buildings located in heart of the city. Because of this we are now prepared for our next visit tentatively scheduled for November 2nd to install 10-HNet MeterSystems for evaluation by UF-Power and the State for 30 days or more if required.
- GEOSA – the Generation General – a high profile independent grid power provider. Expressed interest in both HNet and the SmartPlug and was instrumental in setting up the meetings Chief of Distribution and his Engineering Staff and with the President of UF. Believes that our products will be well received by Utilities small and large throughout the region.

Interim Report - 0930109

The main focus of the day was to schedule and confirm meetings with the, Chief of Distribution and his Engineering Staff on Thursday and with the President of UF Friday. This was accomplished by noon allowing for the following meeting to take place in the afternoon.

Wednesdays Meetings:

- Second meeting with principles of Discover also in the process of building a Generation Wind Farm in Managua was well versed in all aspects of the Energy Industry which I personally found very refreshing. Within a very short period of time it was understood by staff what our products and services meant and the potential beneficial impact for Managua. Our discussions lead to the possibility of forming a relationship around product distribution in Central America.

It should be noted that staff offered (The Discovery Building) for a 10-HNet MeterSystem installation where Union Fenosa would install meters for a 30/60 day evaluation period.

We agreed to meet again the following day to further discuss the potential benefits of working together and agreed that performing a live product demonstration would be in the best interest of parties.

- Lcdo Jaime E. Vega of Camarena, Gurra, Morales & Vega Attorneys at law based in Panama expressed interest in guiding the company through its business relationships as it concerns foreign trade and transactional customary practices. Vega attended several of our meetings in an attempt to from a better understanding of ConectiSys and its products offering to make interdiction to Utilities in Central America not withstanding Union Fenosa of Panama. Vega asked if I would visit Panama on my next visit for that purpose and to lean more about its growing economy. I expressed my interest in doing so as the Company progress in Nicaragua I am looking forward to working with his firm in the future.

Interim Report - 100109

We "ConectiSys" put on one hell of a show at Union Fenosa who currently distributes to 750K customers in Managua. I met with their top engineering team and they express great interest in our products for both HNet and the SmartPlug. Tomorrow we meet and with the President of UF where we believe signatures will be given soon after. We will also meet with the Discover Company for product distribution joint marketing and joint development talks as well as performing a live product demonstration of our HNet Metering System.

Thursdays Meetings:

- Our meeting at Union Fenosa's Chief of Distribution and his top Engineering Staff within their operational headquarters located in the heart of Managua where ConectiSys performing a live demonstration within the facility.

Part - One of our Audio Visual Presentation (The HNet Networks) was shown as the HNet Units were setup in random locations within the building. The network configured within minutes and was ready for visual evaluation at the end of the presentation.

Our product demonstration worked flawlessly, wirelessly transmitting meter reads to the HNet BaseStation located within the conference room then displayed on our notebook dashboard viewer. This allowed for UF staff to compare data from the meter to the dashboard proving accuracy, reliability, data intervals as well as ease of installation, plug & play and self-configuration.

It became immediately clear that our product and services were of great interest to UF during the Q&A period our HNet product brochures and network layouts were handed out as an aid to understanding the data communication path addressing integration methodology to the existing UF backend operations concerning billing, purchasing and customer service programs.

Part - Two of our Audio Visual Presentation (The SmartPlug) was shown followed by a round of Q&A centered on the benefits offered by the SmartPlug System. This discussion evolved in a more relaxed open atmosphere where UF became more definitive about their needs and why our products would benefit their operations.

Why is UF interested in our products?

Beyond power distribution efficacies our bi-direction network offers on time command and control methods such as tampering alerts and power disconnect to name a few. UF in the last 24 months has experienced a large increase in losses due to energy theft, growing at an alarming rate. The mounting concern has escalated to high priority status as it affects the bottom line.

During a similar period UF has experience growing consumer concerns of the accuracy of their billing methodology. The public believes there are inconsistencies in energy charges resulting in consumer unrest and uncertainty concerning their energy bill. As a direct result UF customers are filling complaints experientially to the tune of 3,000 per-month overwhelming staffs ability to address individual complaints in a timely manner.

The consumer complaint program provides a reasonable amount of time for complaint resolution, UF in all cases makes every effort to resolve and comply, however when customer complaints are not resolved in a timely manner they may choose to bring their complaints to the governing review board.

As unresolved complaints mount the Government Agency may make recommendations and in some cases apply pressure to make corrective measures in UF's operation in an effort to restore public opinion.

During our meeting UF has made it clear that they desire to implement solutions that would restore the public trust. Taking the first step by agreeing to a 10-Unit Pilot with ConectiSys where UF would install both meters and BaseStation was then under consideration for that purpose.

ConectiSys offered to provide a pilot program for UF's evaluation and would deliver a written request from Discovery for a HNet meter installation "the customer" within their building. At that stage we presented our proposal; at face value this appeared to be agreeable but would require higher ups for approval. Olivella indicated that they desired to move forward immediately.

Why does the SmartPlug, peek UF interest?

As designed the SmartPlug is a SmartHome product targeting energy conservation. As our brochure states, "With the SmartPlug installed in your home energy consumers can be proactive in conserving energy and cost by scheduling power usage with the touch of a button made possible by our versatile and affordable Smart home system".

"With the SmartPlug® system consumers can monitor power consumption, schedule power on, off and check running cost at anytime. The SmartPlug® system also features consumption comparable charts daily monthly and yearly".

UF realized the benefits of the SmartPlug immediately as a solution to the consumer billing complaint issue using both HNet and the SmartPlug customers would not only take an active role in conservation but audit their energy bill. It should be understood for the purpose of this report that UF hand delivers their monthly energy bills.

As the discussion progressed UF believed that they could cut cost in several sectors:

1. Energy Thief
2. Power Disconnect
3. Meter Reading
4. Billing delivery
5. Power distribution
6. Customer Services
7. Consumer Complaints

Point of interest, as the meeting concluded and we were ready to exit a meter manager pulled out of inventory a focus meter stating that UF had 30K, of these meter types in inventory. The meter was the Landis+Gyr Focus meter the very same meter used in our development and the HNet MeterSystem demonstration performed that day.

Interim Report - 100209

ConectiSys agenda is too met with Discovery in the morning followed by a meeting with the President of Union Fenosa at their corporate facility in downtown Managua.

Fridays Meetings:

- The Discovery meeting centered around the follow subject matter:
 1. Our product demonstration
 2. The Consent Letter issue and signed by Discovery for Union Fenosa
 3. The logistics surrounding installation of the demonstration
 4. The installation of meters in the existing and new Discovery High Raise
 5. Product Distribution rights in Central America and the forming of said agreements
 6. Product Manufacturing in Managua
 7. Potential customers within Managua

Note: with the expectation of the Consent Letter which was sign and issued all other agreements are now work in progress however, we performed a flawless product demonstration for the attending principles and Staff in parallel throughout our discussions.

- President of Union Fenosa; attending were Terencio J. Garcia Montenegro, Gustavo Molina Valdivia of (Gracia & Bodan) assisting the company through meetings with Government officials to help expedite our efforts in Government energy programs, Hermann Kuhl our trusted consultant and coordinator in all matters concerning Nicaragua.

The President, was very impressed with the HNet and SmartPlug products and expressed great interest in its workings making is clear to me that if the HNet System proves to perform as advertize UF of Nicaragua would be compelled to share this technology throughout Center and South American. The President went on to list this location where UF has a large steak in power generation and distribution such as: Panama, Bogota and Honduras to name a few.

He was then present with our proposal and said he would sign the agreement Wednesday, October 07, after consulting with his operational staff. Stating, that he looked forward to working together with ConectiSys in the near future.

The Company is planning a return trip on November 2, 2009.

Sincerely,
Robert Spigno, CEO
ConectiSys Corporation

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The statements contained herein and in the Monthly Report that are not historical are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements including, but not limited to: the level of cost-effectiveness and efficiency of the Company's H-Net™ automatic meter reading products or technologies; changes in the Company's policies regarding communications with shareholders and the general public; the success or failure of the Company's marketing efforts and the particular efforts to be employed; the Company's ability or inability to commercialize, sell, license or further develop its H-Net™ automatic meter reading products or technologies; and other risks detailed from time to time in the Company's periodic reports and other filings with the Securities and Exchange Commission.



FOR LIVE METER READS FOLLOW THE LINK...



Learn more about our company go to the ConectiSys Audio Presentation

