

Report V

Volume 2010

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H-NETTM **NETWORKS**

Nicaragua Managua/ UF update

As they say, timing is everything. The most recent news of the Managua Nicaragua project is that Union Fenosa is in the midst of a Merger with Gas Natural creating an energy giant called Gas Natural Fenosa (GNF). The combination of these two companies has promise to become one of the most dynamic energy groups worldwide. With this new merger in place ConectiSys is poised to be an industry leading AMR/AMI source as GNF has agreed to issue a purchase order. The consulting agreement, pricing basic services and deployment strategy has been in negotiation and at this time generally excepted, we have been advised to be patient, as new personal becomes familiar with their new positions within the corporate structure of Union Fenosa (UF) into GNF.

What does this mean for the company? As you may or may not know, we have successfully completed the first phase of an agreement which was put into place in November of 2009. The original signed agreement was for a 10-unit demonstration of which Union Fenosa (now Gas Natural Fenosa) was to evaluate the H-Net meter system for 60 days which resulted in our first billing and payment. This process is complete with success and moved into negotiations for a larger purchase, this may take longer than initially anticipated due to the new merger.

The merger can have a very positive effect. Imagine the new potential of ConectiSys

Corporation becoming the chosen company of AMR/ AMI for Gas Natural Fenosa. ConectiSys would simply become a worldwide leader in its field with a single client. The company looks at this as a wonderful opportunity to excel and a great time to be a part of the expansion.

Contract terms have been agreed upon including:

- Gas Natural Fenosa (GNF) accepted the cost for service of \$1.50, and costs of additional services.
- GNF requested to start with 500 meters the first month.
- GNF terms are a rollout of approximately 500 new meters per month.
- GNF anticipates the total number of meters to be no less than 16,000 per year.
- GNF requested the H-NetTM technology to be used in Panama and Guatemala for similar purposes which are meter reading and alert and warning systems due to their high level of theft.
- GNF has requested a joint venture option which is currently being reviewed.

Gas Natural Fenosa company website:

<http://portal.gasnatural.com/servlet/ContentServer?pagename=common/Controlador&gnpage=3-10-0¢ralassetname=3-10-BloqueHTML-Home¢ralassettype=BloqueHTML>

Gas Natural Fenosa company brochure:

http://portal.gasnatural.com/archivos/corp/NuevoLgoPDF_Engl.pdf

Gas Natural Fenosa statement:

“We have brought together the best of each company to continue working for the good of all. Our new brand is the result of the union of our most important values and reflects a more dynamic, honest and modern character. Our symbol, the butterfly, expresses more clearly than ever the sense of freshness, freedom and constant movement.

With this, we would like to consolidate our new position in the energy market.

Our experience is the guarantee of our future.

We have put all our energy into coming this far, and today we begin a new project with more excitement, with more effort with more confidence.

We're moving towards the future with all the energy in the world.”

Message to Our Shareholders

We ask our shareholders to be patient, as we must. The company is confident in obtaining a purchase order from GNF in the near future. In the mean time we continue to work on integration in Managua with the GNF team and continue to make advancements toward our technologies training program within the organization. The company has also opened many opportunities through this project and desires to obtain new pilots and possible contracts in the near future.

CEO Schedule:

ConectiSys CEO Robert Spigno will be traveling to Costa Rica on May 25th-28th to finalize a manufacturing agreement for deployments in South America.

THIS MONTH’S ARTICLE:

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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



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