

**Report VII**

**Volume 2007**

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**C-NEST<sup>TM</sup> MARKETING**

**From the Desk of Rod Lighthipe .....**

After blowing off a lot of steam in last month's newsletter regarding inappropriate telephone calls from CNES shareholders to the Company's business partners and clients, said activity has stopped. Thanks to all of you for taking this issue seriously. That being said ..... progress continues on several fronts. Allow me to be specific.

**Relationships with Meter Manufacturers:**

During the last month Marsha Casspi and I have met with two of the major electric meter manufacturers and solidified our relationships. In particular, we have gained access to the latest technology at each entity.

**Updated CNES Hardware and Software:** As a result of our visits to these two manufacturers, the Company and its vendors have formed a better understanding of each others immediate goals and desires concerning AMR product development.

**Prospective Meter Deployments:** I am in continuing discussions with two municipal utilities for the deployment of CNES residential and commercial meters. The Company's focus for the last year has been to approach small municipalities verses the giants of the industry. The facts are that 40% of the electric revenue meters in the United States are owned and controlled by small municipal utilities of 50,000 customers or less. It remains much easier to deal with these small entities, than work within the bureaucracy of the investor owned utilities.

**Total System Solution:** The Company, in the last sixty days, has been developing an enhancement to our well established strategy of a Wide Area Network (WAN) and reading electric meters with a wireless network.

This enhancement is a wireless Local Area Network (LAN) within the residential environment that will monitor the electric energy usage of major electric appliances within the home (air conditioning, heating, refrigerator, pool pumps, etc.). The residential customer will be able to view on our website the percentage usage of large appliances verses their total consumption and have the opportunity to reduce appliance usage. This total system solution is the integration of our WAN and LAN.

**New CNES Website Display:** A new display for the CNES website will soon be available that will be more user friendly regarding the display of data. Specifically, the customer will be able to view (1) daily energy usage, (2) month to date usage, (3) year to date usage, (4) comparisons of year to year usage and (5) view an estimated monthly bill based upon the current monthly trend of electric energy usage.

Please continue to enjoy your summer and I look forward to bringing you more news on Company progress next month.

Sincerely yours,  
Rod Lighthipe  
Director of Business Development

**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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