

Report V

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**C-NES™
MARKETING**

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From the desk of Rod Lighthipe

My thoughts and comments this month are more global and reflect my thinking on how CNES fits in the current economy.

That being said *What Recession?*

Yes, I must say the pundits, the so called economic experts and the media, have been forecasting a recession for the U. S. economy for almost a year. (A recession is commonly defined as at least two consecutive quarters of negative GDP.) Okay, GDP was only a positive .6% in the first quarter after robust numbers of 3.9% and 4.5 % growth in the 2nd and 3rd quarters of 2007. But everyone will agree economies go through cycles. (So does the weather and your favorite sports team.) But taking into consideration the sub-prime mortgage fiasco and the affect it had on home equity and consumer spending (70% of all dollars spent), these numbers give reason to believe that the U. S. economy is not all doom and gloom.

Think about these facts:

The Dow is only 10 % below its all time high. Compare this to Japan. The Nikkei has never recovered from their real estate bust of the early 1990's. Interest rates remain historically low and stable. Does anyone remember 1980 and a prime rate of 21.5%. T-Bills would vary by a point in a month. Unemployment is at 5% and five points lower than the EU.

Home ownership remains at or near an all time high as a percentage of adult households in the U. S., despite the recent housing problems.

So take my advice; go out and BUY SOMETHING -- ANYTHING, pumps up GDP and prove all the naysayer's wrong. Trust me, we can do it.

That off my chest Allow me to address the current U. S. energy policy, the price of oil and how with a little common sense, we could have \$ 2.00 gasoline, lower commodity prices overall and guess what, further be able to prove the economic forecasters wrong.

Consider the following:

Oil demand continues to grow worldwide. China and India are driving the market
Speculation is a significant part of the oil price increase. The cost of production of the majority of oil remains \$25-30 / bbl. There is plenty of profit in \$50 / bbl oil. Remember 1980 and oil at \$40 / bbl and 1990 with oil at \$12 / bbl.

The solution to oil prices is a combination of several factors which all must be implemented and / or occur:

Markets: They are self-correcting. There are a lot of speculators who are going to lose. (1980 to 1990) will happen again.)

Technology: It will play a major role. Alternatives will finally take hold primarily because they have become cost effective. Wind, Solar, Hybrid-electric transportation (not pure electric), Natural Gas fueled transportation (not hydrogen) and Energy Efficiency Enabling Controls. (AMR belongs in this category.)

Domestic Oil Production: There are known reserves in the U. S. of 150 Billion bbls of oil that remain untapped, likewise for Natural Gas in comparable TCF. Open ANWR and off-shore production in an environmentally responsible manner. (The Caribou will love a green colored pipeline that radiates heat and acts as a windbreak.)

Agriculture as Oil: Stop trying to grow our fuel. In particular, the cost benefits of ethanol are minimal or non-existent and the huge increase in corn production

for is only driving up the prices of other commodities. Have you checked the prices of milk or meat lately?

So, our shareholders are by now asking, how all this economic babble applies to CNES Simple. ConectiSys and its AMR Networks are ultimately part of the family of energy technologies (in particular Energy Efficiency Enabling Controls) that will play a role in stabilizing energy prices and moderating global warming (if it really does exist – global climates come in cycles too). This market is huge and we will be a part of it.

Regarding the economy, I firmly believe it remains resilient and now is the time to invest in new ideas and technologies (read invest in AMR). Forecasters are what they are. Their crystal ball is broken just like mine and they survive simply by changing their view of economic conditions up or down. Think about it, there would be nothing to complain about if everything was always up.

To Our Shareholders -- in summary, CNES has a great product, we are part of this great technological change THAT WILL overtake the energy markets and NOW is our time.

Now go buy something and let's prove the pessimists wrong.

Sincerely yours,
Rod Lighthipe
Director of Business Development

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*ConectiSys Corp. /monthly report/2008/
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