

**INTERNATIONAL AUTOMATED SYSTEMS  
326 NORTH SR 198  
SALEM, UTAH 84653**

Patty Lambrecht /iLios, LLC  
3016 S.E. Dune Drive  
Stuart, Florida 34996

Dear Patty,

Thank you for your interest in our solar equipment. We apologize for not being more precise on the progress of your site. We hope to rectify that by fully informing you in the future and of the current progress that has been made for implementing your equipment to produce energy from the sun.

In late summer and/or early fall your solar energy system was placed in service on a trial bases to see how the system would perform. All the proper building permits were properly acquired for the project. Most of the equipment performed perfectly and met our high standards of performance. Also the price came within the required budget including the labor to install the equipment. However, we did find a problem with the lenses not being secure enough to withstand high winds. We also discovered that the infrared coating applied to the heat exchanger was inadequate.

In the winter of 2009 we decided to take down the equipment to replace the lenses with ones that could withstand higher winds. We also changed the design of the heat exchanger to control the infrared radiation radiating from the heat exchanger to meet the required efficiency of the system.

At this time we have replaced all of the lenses. We are currently working on getting the new heat exchangers into production. We have tested the new heat exchangers and feel that they will meet our needs. We are currently working to install a few prototypes that we have produced but expect to receive the new production heat exchangers shortly.

As far as the system becoming profitable in order to meet the IRS requirements we implemented a bonus program for all purchases made before the end of 2008. However, looking over our contracts somehow you were not signed up for that program. We are sending you a copy of the bonus program which you are entitled to. In essence the program gives you the right to participate in owning a portion of IAS gross sales up to one billion dollars. We have done this because of the higher risk involved in purchasing our solar energy system at that time. Since that time we have stopped offering the bonus program because we feel that the equipment is beyond that stage of development.

This bonus program makes certain that each purchase was made for an economic reason. This reason would be such that anyone would see the value of the transaction as to its economic values beyond just a tax savings.



We are also in the process of finishing the business plan for the solar energy system and its economic advantages in the market place over other green energy systems. We hope to have the business plan completed by the end of the second quarter of 2010.

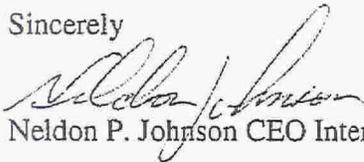
We do have power purchase agreements tentatively in place with other companies that have agreed to purchase the power produced from the solar energy equipment once the system is placed in service.

To summarize your position with the company in receiving a profit from your equipment: The first and most important is the bonus program. This program will be more fully explained in the attached contract. However, for every \$9,000.00 purchased you would qualify for up to \$90,000 as your portion of IAS sales up to the cut off of \$1 billion dollars in sales. So far the company has sold under the trial program about \$2,500,000. Your portion would amount to \$11,250. Also the Needles California project is \$7.5 million up front with a residual of \$17.5 million. Your portion of the \$7.5 million is \$33,750. The next portion of the Needles project is for \$300 million. Your portion of that would amount to \$1,350,000. Your share of the one billion dollar sales would be \$4.5 million.

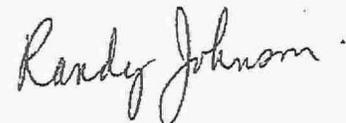
We expect that for the first five years of production you would receive 100% of production. This time would begin when the equipment is placed in full service. Your position would amount to about \$54,000 per year or for the five years about \$270,000.

We hope that this will help. We are sending you pictures of your system along with this letter. You should receive the full business plan within a few months.

Sincerely



Neldon P. Johnson CEO International Automated Systems, Inc.



**Solar Lease Bonus Fee Contract**

This Bonus Fee Contract is made by and between International Automated Systems, Inc. ("IAS") of 326 North SR 198, Salem, Utah 84653, and

PATTY LAMBRECHT / ILLIOS, LLC

hereinafter referred to as "Lessee," with an address of

3016 S.E. DUNE DRIVE STUART, FLORIDA 34996

In consideration for (a) the leasing by Lessee of IAS's Solar Lenses as evidenced by execution of the Equipment Lease Agreement dated 3-2-2010 (herein after referred to as "Equipment Lease Agreement"); (b) the payment by Lessee to IAS of the lease payments at the time of signing the Equipment Lease Agreement; and (c) Lessee agreeing to make the lenses available to IAS as a reference for marketing and sales purposes to show and demonstrate, Lessee has earned and shall thereafter receive, for each Solar Lens Leased as evidenced by the Equipment Lease Agreement, a zero point zero and zero nine percent (0.009%) referral fee on the first One Billion Dollars (\$1,000,000,000.00) of total gross sales revenue as received by IAS commencing October 31, 2005 for the sale of power generation equipment.

As evidenced by the execution of the Equipment Lease Agreement, the total number of Solar Lenses leased by Lessee is Fifty (50).

The totaled referral fee is calculated by the following formula:

[Total number of Solar Lenses leased by Lessee = Fifty (50)] x [the referral fee percentage = zero point zero and zero nine per cent (0.009%)]. The totaled referral fee is:

POINT FORTY FIVE PERCENT (.45 %).

\_\_\_\_\_  
LESSEE

\_\_\_\_\_  
Date

[Signature]  
IAS

3-2-2010  
Date