
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended October 31, 2007

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____

Commission file number: 001-33417

OCEAN POWER TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

*(State or Other Jurisdiction of
Incorporation or Organization)*

22-2535818

*(I.R.S. Employer
Identification No.)*

1590 REED ROAD, PENNINGTON, NJ 08534

(Address of Principal Executive Offices, Including Zip Code)

(609) 730-0400

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 30, 2007, the number of outstanding shares of common stock of the registrant was 10,210,354.

OCEAN POWER TECHNOLOGIES, INC.
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FOR THE QUARTERLY PERIOD ENDED OCTOBER 31, 2007

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PowerBuoy® is a registered trademark of Ocean Power Technologies, Inc. and the Ocean Power Technologies logo is a trademark of Ocean Power Technologies, Inc. All other trademarks appearing in this report are the property of their respective holders.

Special Note Regarding Forward-Looking Statements

We have made statements in this Quarterly Report on Form 10-Q that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements convey our current expectations or forecasts of future events. Forward-looking statements include statements regarding our future financial position, business strategy, budgets, projected costs, plans and objectives of management for future operations. The words “may,” “continue,” “estimate,” “intend,” “plan,” “will,” “believe,” “project,” “expect,” “anticipate” and similar expressions may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Any or all of our forward-looking statements in this report may turn out to be inaccurate. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. They may be affected by inaccurate assumptions we might make or unknown risks and uncertainties, including the risks, uncertainties and assumptions described in Item 1A — “Risk Factors” and elsewhere in this report and in our Annual Report on Form 10-K for the year ended April 30, 2007. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur as contemplated and actual results could differ materially from those anticipated or implied by the forward-looking statements.

You should not unduly rely on these forward-looking statements, which speak only as of the date of this filing. Unless required by law, we undertake no obligation to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise.

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Ocean Power Technologies, Inc. and Subsidiaries
Consolidated Balance Sheets

	<u>April 30, 2007</u>	<u>October 31, 2007</u> (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 107,505,473	109,681,072
Certificates of deposit	8,390,146	—
Accounts receivable	865,081	572,732
Unbilled receivables	313,080	1,146,265
Other current assets	441,342	1,123,122
Total current assets	<u>117,515,122</u>	<u>112,523,191</u>
Property and equipment, net	387,923	396,301
Patents, net of accumulated amortization of \$176,840 and \$189,298, respectively	597,280	639,369
Restricted cash	983,376	1,037,592
Other noncurrent assets	227,845	250,946
Total assets	<u>\$ 119,711,546</u>	<u>114,847,399</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,708,408	1,285,301
Accrued expenses	4,593,413	2,680,004
Unearned revenues	—	601,082
Other current liabilities	26,106	26,106
Total current liabilities	<u>6,327,927</u>	<u>4,592,493</u>
Long-term debt	231,585	188,784
Deferred rent	10,825	13,531
Deferred credits	600,000	600,000
Total liabilities	<u>7,170,337</u>	<u>5,394,808</u>
Commitments and contingencies (note 11)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized 5,000,000 shares, none issued or outstanding	—	—
Common stock, \$0.001 par value; authorized 105,000,000 shares, issued and outstanding 10,186,254 and 10,192,854 shares, respectively.	10,186	10,193
Additional paid-in capital	150,842,671	152,050,476
Accumulated deficit	(38,270,918)	(42,579,578)
Accumulated other comprehensive loss	(40,730)	(28,500)
Total stockholders' equity	<u>112,541,209</u>	<u>109,452,591</u>
Total liabilities and stockholders' equity	<u>\$ 119,711,546</u>	<u>114,847,399</u>

See accompanying notes to consolidated financial statements (unaudited).

Ocean Power Technologies, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	<u>Three Months Ended October 31,</u>		<u>Six Months Ended October 31,</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Revenues	\$ 555,561	1,686,212	860,747	2,241,916
Cost of revenues	<u>1,156,665</u>	<u>1,923,196</u>	<u>1,382,630</u>	<u>2,728,188</u>
Gross loss	<u>(601,104)</u>	<u>(236,984)</u>	<u>(521,883)</u>	<u>(486,272)</u>
Operating expenses:				
Product development costs	1,749,913	1,942,713	2,802,039	3,758,447
Selling, general and administrative costs	<u>625,092</u>	<u>1,371,160</u>	<u>2,013,137</u>	<u>3,367,762</u>
Total operating expenses	<u>2,375,005</u>	<u>3,313,873</u>	<u>4,815,176</u>	<u>7,126,209</u>
Operating loss	(2,976,109)	(3,550,857)	(5,337,059)	(7,612,481)
Interest income	360,561	1,343,877	722,928	2,788,163
Foreign exchange gain	<u>308,348</u>	<u>336,164</u>	<u>645,977</u>	<u>515,658</u>
Net loss	<u>\$ (2,307,200)</u>	<u>(1,870,816)</u>	<u>(3,968,154)</u>	<u>(4,308,660)</u>
Basic and diluted net loss per share	<u>\$ (0.45)</u>	<u>(0.18)</u>	<u>(0.77)</u>	<u>(0.42)</u>
Weighted average shares used to compute basic and diluted net loss per share	<u>5,175,194</u>	<u>10,192,854</u>	<u>5,173,361</u>	<u>10,191,104</u>

See accompanying notes to consolidated financial statements (unaudited).

Ocean Power Technologies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	<u>Six Months Ended October 31,</u>	
	<u>2006</u>	<u>2007</u>
Cash flows from operating activities:		
Net loss	\$ (3,968,154)	(4,308,660)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign exchange gain	(645,977)	(515,658)
Depreciation and amortization	131,340	121,135
Loss on disposal of equipment	20,344	—
Compensation expense related to stock option grants	709,951	1,154,516
Deferred rent	8,118	2,706
Changes in operating assets and liabilities:		
Accounts receivable	(378,228)	298,673
Unbilled receivables	(157,311)	(810,042)
Other current assets	(1,179,849)	(673,999)
Accounts payable	843,332	(285,200)
Accrued expenses	930,928	(1,295,886)
Unearned revenues	92,727	601,082
Other current liabilities	(61,050)	—
Net cash used in operating activities	<u>(3,653,829)</u>	<u>(5,711,333)</u>
Cash flows from investing activities:		
Purchases of certificates of deposit	(39,890,009)	(8,968,170)
Maturities of certificates of deposit	29,444,173	17,358,316
Purchases of equipment	(44,736)	(98,271)
Payments of patent costs	(73,202)	(36,376)
Investments in joint ventures and other noncurrent assets	(178,161)	(16,739)
Net cash (used in) provided by investing activities	<u>(10,741,935)</u>	<u>8,238,760</u>
Cash flows from financing activities:		
Common stock issuance costs	—	(870,116)
Proceeds from exercise of stock options	47,525	53,296
Net cash provided by (used in) financing activities	<u>47,525</u>	<u>(816,820)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>641,634</u>	<u>464,992</u>
Net (decrease) increase in cash and cash equivalents	(13,706,605)	2,175,599
Cash and cash equivalents, beginning of period	<u>31,957,209</u>	<u>107,505,473</u>
Cash and cash equivalents, end of period	<u>\$ 18,250,604</u>	<u>109,681,072</u>
Supplemental disclosure of noncash investing and financing activities:		
Capitalized purchases of equipment financed through accounts payable	\$ —	15,181
Capitalized patent costs financed through accounts payable	\$ —	18,172

See accompanying notes to consolidated financial statements (unaudited).

Ocean Power Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

(1) Background and Basis of Presentation

Ocean Power Technologies, Inc. (the Company) was incorporated on April 19, 1984 in the State of New Jersey, commenced active operations in 1994 and re-incorporated in the State of Delaware in April 2007. The Company develops and is commercializing proprietary systems that generate electricity by harnessing the renewable energy of ocean waves. The Company markets and sells its products in the United States and internationally.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The interim operating results are not necessarily indicative of the results for a full year or for any other interim period. Further information on potential factors that could affect the Company's financial results can be found in the Company's Annual Report on Form 10-K for the year ended April 30, 2007 filed with the Securities and Exchange Commission (SEC) and elsewhere in this Form 10-Q.

(2) Summary of Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly and majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

In addition, the Company evaluates its relationships with other entities to identify whether they are variable interest entities as defined by Financial Accounting Standards Board (FASB) Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (FIN 46R), and to assess whether it is the primary beneficiary of such entities. If the determination is made that the Company is the primary beneficiary, then that entity is included in the consolidated financial statements in accordance with FIN 46R.

(b) Use of Estimates

The preparation of consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the recoverability of the carrying amount of property and equipment and patents; valuation allowances for receivables and deferred income tax assets; and percentage of completion of customer contracts for purposes of revenue recognition. Actual results could differ from those estimates.

(c) Revenue Recognition

The Company recognizes revenue on government and commercial contracts under the percentage-of-completion method. The percentage of completion is determined by relating the costs incurred to date to the estimated total costs. The cumulative effects resulting from revisions of estimated total contract costs and revenues are recorded in the period in which the facts requiring revision become known. Upon anticipating a loss on a contract, the Company recognizes the full amount of the anticipated loss in the current period. During the three and six months ended October 31, 2007, the Company did not record any additional provisions related to anticipated losses on contracts. Reserves related to loss contracts in the amounts of approximately \$1,780,000 and \$1,672,000 are included in accrued expenses in the accompanying consolidated balance sheets as of April 30, 2007 and October 31, 2007, respectively.

Unbilled receivables represent expenditures on contracts, plus applicable profit margin, not yet billed. Unbilled receivables are normally billed and collected within one year. Billings made on contracts are recorded as a reduction of unbilled receivables, and to the extent that such billings exceed costs incurred plus applicable profit margin, they are recorded as unearned revenues.

Ocean Power Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)
(Unaudited)

(d) Cash Equivalents

Cash equivalents consist of investments in short-term financial instruments with maturities of three months or less from the date of purchase. Cash and cash equivalents include an aggregate of \$106,254,000 and \$109,013,000 of money market funds, term deposits, commercial paper and treasury bills with an initial term of less than three months at April 30, 2007 and October 31, 2007, respectively.

(e) Restricted Cash and Credit Facility

As of October 31, 2007, the Company had \$1,037,592 in cash restricted under the terms of a security agreement between Ocean Power Technologies, Inc. and Barclays Bank. Under this agreement, the cash is on deposit at Barclays Bank and serves as security for letters of credit which are expected to be issued by Barclays Bank on behalf of Ocean Power Technologies Ltd., the Company's U.K. subsidiary, under a €800,000 credit facility established by Barclays Bank for such subsidiary. The credit facility is for the issuance of letters of credit and bank guarantees, and carries a fee of 1% per annum of the amount of any such obligations issued by Barclays Bank. The credit facility does not have an expiration date, and is cancelable at the discretion of the bank.

(f) Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives (three to seven years) of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the remaining lease term. Expenses for maintenance and repairs are charged to operations as incurred. Depreciation expense was \$60,589 and \$49,717 for the three months ended October 31, 2006 and 2007, respectively, and \$121,714 and \$108,677 for the six months ended October 31, 2006 and 2007, respectively.

(g) Foreign Exchange Gains and Losses

The Company has invested in certain certificates of deposit and has maintained cash accounts that are denominated in British pound sterling, Euros and Australian dollars. Such certificates of deposit and cash accounts had a balance of approximately \$15,646,000 and \$14,286,000 as of April 30, 2007 and October 31, 2007, respectively. Such positions may result in realized and unrealized foreign exchange gains or losses from exchange rate fluctuations, which are included in foreign exchange gain on the accompanying consolidated statements of operations.

(h) Patents

External costs related to the filing of patents, including legal and filing fees, are capitalized. Amortization is calculated using the straight-line method over the life of the patents (17 years). Expenses for the development of technology are charged to operations as incurred. Amortization expense was \$5,032 and \$7,509 for the three months ended October 31, 2006 and 2007, respectively, and \$9,578 and \$12,458 for the six months ended October 31, 2006 and 2007, respectively. Amortization expense for the next five fiscal years related to amounts capitalized for patents as of October 31, 2007 is estimated to be approximately \$25,000 per year.

(i) Long-Lived Assets

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property and equipment and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, then an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheet. The Company reviewed its long-lived assets for indicators of impairment in accordance with SFAS No. 144 and determined that no impairment review was necessary for the six months ended October 31, 2006 and 2007.

Ocean Power Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)
(Unaudited)

(j) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents, bank certificates of deposit and trade receivables. The Company invests its excess cash in highly liquid investments (principally short-term bank deposits, money market funds, commercial paper and treasury bills) and does not believe that it is exposed to any significant risks related to such investments.

The table below shows the percentage of the Company's revenues derived from customers whose revenues accounted for at least 10% of the Company's consolidated revenues for the periods indicated:

Customer	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2007	2006	2007
U.S. Navy	51%	67%	55%	61%
Iberdrola and Total	44%	27%	33%	27%
Scottish Executive	—	—	—	12%

The loss of, or a significant reduction in revenues from, any of these customers could significantly impact the Company's financial position or results of operations. The Company does not require collateral from its customers.

(k) Net Loss per Common Share

Basic and diluted net loss per share for all periods presented is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Due to the Company's net losses, potentially dilutive securities, consisting of outstanding stock options, were excluded from the diluted loss per share calculation due to their anti-dilutive effect.

In computing diluted net loss per share, the number of options to purchase shares of common stock excluded from the computations were 1,383,564 for the three and six months ended October 31, 2006 and 1,531,404 for the three and six months ended October 31, 2007.

(l) Stock-Based Compensation

On May 1, 2006, the Company adopted the provisions of SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS No. 123R), which requires that the costs resulting from all share-based payment transactions be recognized in the consolidated financial statements at their fair values. The Company adopted SFAS No. 123R using the modified prospective application method under which the provisions of SFAS No. 123R apply to new awards and to awards modified, repurchased, or canceled after the adoption date. Additionally, compensation cost for the portion of the awards for which the requisite service had not been rendered that were outstanding as of May 1, 2006 will be recognized in the consolidated statements of operations over the remaining service period after such date based on the award's original estimated fair value. The aggregate share-based compensation expense recorded in the consolidated statements of operations under SFAS No. 123R was approximately \$264,000 and \$402,000 for the three months ended October 31, 2006 and 2007, respectively, and \$710,000 and \$1,155,000 for the six months ended October 31, 2006 and 2007, respectively.

Ocean Power Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)
(Unaudited)

Valuation Assumptions for Options Granted During the Six Months Ended October 31, 2006 and 2007

The fair value of each stock option granted during the six months ended October 31, 2006 and 2007 was estimated at the date of grant using the Black-Scholes option pricing model, assuming no dividends and using the weighted average valuation assumptions noted in the following table. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life (estimated period of time outstanding) of the stock options granted was estimated using the “simplified” method as permitted by the SEC’s Staff Accounting Bulletin No. 107, *Share-Based Payment*. Expected volatility was based on historical volatility for a peer group of companies for a period equal to the stock option’s expected life, calculated on a daily basis.

	2006	2007
Risk-free interest rate	5.0%	5.0%
Expected dividend yield	0.0%	0.0%
Expected life	5.5 years	6.0 years
Expected volatility	72.0%	77.8%

The above assumptions were used to determine the weighted average per share fair value of \$8.80 and \$11.41 for stock options granted during the six months ended October 31, 2006 and 2007, respectively.

(m) Accounting for Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and operating loss and tax credit carryforwards are expected to be recovered, settled or utilized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(n) Accumulated Other Comprehensive Loss

The functional currency for the Company’s foreign operations is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using the exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate during the period. The unrealized gains or losses resulting from such translation are included in accumulated other comprehensive loss within stockholders’ equity.

(o) Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which establishes a framework for reporting fair value and expands disclosures about fair value measurements. Certain aspects of SFAS No. 157 become effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the potential impact of this standard.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 allows companies to elect to measure certain assets and liabilities at fair value and is effective for fiscal years beginning after November 15, 2007. This standard is not expected to have any impact on the Company’s consolidated financial condition or results of operations.

(3) Accrued Expenses

Included in accrued expenses at April 30, 2007 and October 31, 2007 were contract loss reserves of approximately \$1,780,000 and \$1,672,000, respectively. Accrued expenses at April 30, 2007 also included accrued employee incentive payments of approximately \$1,051,000 and costs associated with the initial public offering in the United States of approximately \$680,000. There were approximately \$166,000 of accrued employee incentive payments and no accrued expenses associated with the public offering at October 31, 2007.

Ocean Power Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)
(Unaudited)

(4) Related-Party Transactions

The Company is obligated to pay royalties to G.W. Taylor, a founding stockholder of the Company, and to M.Y. Epstein and the estate of J.R. Burns (stockholders of the Company) related to U.S. patent 4404490 entitled, "Power Generation from Waves Near the Surface of Bodies of Water." Royalty payments are limited to \$925,000 in the aggregate, based on revenues related to certain piezoelectric-technology, if any, on the basis of 6% of future licenses sold and 4% of future product sales and development contracts. Through October 31, 2007, approximately \$200,000 of royalties had been earned. During the six months ended October 31, 2006 and 2007, no royalties were earned pursuant to these agreements, and no future royalties are expected to be earned. As of April 30, 2007 and October 31, 2007, approximately \$26,000 was included in other current liabilities related to these agreements.

In August 1999, the Company entered into a consulting agreement with an individual for marketing services, which currently provides for a rate of \$800 per day of services provided. The individual became a member of the board of directors in June 2006. Under this consulting agreement, the Company expensed approximately \$13,000 and \$15,000 during the three months ended October 31, 2006 and 2007, respectively and \$27,000 and \$31,000 during the six months ended October 31, 2006 and 2007, respectively.

Also see note 7 for an additional related-party transaction.

(5) Debt

During the year ended April 30, 2000, the Company received an award of \$250,000 from the State of New Jersey Commission on Science and Technology for the development of a wave power system that was deployed off the coast of New Jersey. Under the terms of this award, the Company must repay the amount funded, without interest, by January 15, 2012. The amounts to be repaid each year are determined as a percentage of revenues (as defined in the loan agreement) the Company receives that year from its customer contracts that meet criteria specified in the loan agreement, with any remaining amount due on January 15, 2012. Based upon the terms of the award, the Company has repaid approximately \$18,000 and was required to repay an additional approximately \$43,000 as of October 31, 2007. The total repayment amount of approximately \$61,000 has reduced the long-term debt balance. The current payment required was included in accrued expenses in the accompanying consolidated balance sheet as of October 31, 2007.

(6) Income Taxes

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), on May 1, 2007. At the adoption date and at October 31, 2007, the Company did not have any unrecognized tax benefits as a result of the adoption of FIN 48. The Company would recognize interest and penalties related to unrecognized tax benefits in income tax expense. The Company has net operating loss carryforwards that originated in years dating back to the tax year ended April 30, 1994. The tax years April 30, 1994 through April 30, 2007 remain open to examination by the major taxing jurisdictions to which the Company is subject.

(7) Deferred Credits

During the year ended April 30, 2001, in connection with the sale of common stock to an investor, the Company received \$600,000 from the investor in exchange for an option to purchase up to 500,000 metric tons of carbon emissions credits generated by the Company during the years 2008 through 2012, at a 30% discount from the then-prevailing market rate. This amount has been recorded in deferred credits in the accompanying consolidated balance sheets as of April 30, 2007 and October 31, 2007. If by December 31, 2012 the Company does not become entitled under applicable laws to the full amount of emission credits covered by the option, the Company is obligated to return the option fee of \$600,000, less the aggregate discount on any emission credits sold to the investor prior to such date. If the Company receives emission credits under applicable laws and fails to sell to the investor the credits up to the full amount of emission credits covered by the option, the investor is entitled to liquidated damages equal to 30% of the aggregate market value of the shortfall in emission credits (subject to a limit on the market price of emission credits).

Ocean Power Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)
(Unaudited)

(8) Common Stock

On December 7, 2006, the board of directors approved and recommended to shareholders, and on January 12, 2007, the shareholders of the Company approved, a one-for-ten reverse stock split, which was effective on April 20, 2007. All share data shown in the accompanying consolidated financial statements have been retroactively restated to reflect the reverse stock split.

On April 30, 2007, the Company completed an initial public offering in the United States on The NASDAQ Global Market by issuing 5,000,000 shares of its common stock for a purchase price of \$20.00 per share, resulting in net proceeds to the Company of \$89,903,819.

(9) Preferred Stock

In September 2003, the Company's stockholders authorized 5,000,000 shares of undesignated preferred stock with a par value of \$0.001 per share. At April 30, 2007 and October 31, 2007, no shares of preferred stock had been issued.

(10) Stock Options

Prior to August 2001, the Company maintained qualified and nonqualified stock option plans. The Company had reserved 490,307 shares of common stock for issuance under these plans. There are no options available for future grant under these plans as of October 31, 2007.

In August 2001, the Company approved the 2001 Stock Plan, which provides for the grant of incentive stock options and nonqualified stock options. A total of 1,000,000 shares were authorized for issuance under the 2001 Stock Plan. As of October 31, 2007, the Company had issued or reserved 781,855 shares for issuance under the 2001 Stock Plan. After the effectiveness of the 2006 Stock Incentive Plan, no further options or other awards have been or will be granted under the 2001 Stock Plan.

On April 24, 2007, the Company's 2006 Stock Incentive Plan became effective. A total of 803,215 shares are authorized for issuance under the 2006 Stock Incentive Plan. As of October 31, 2007, the Company had issued options for 259,242 shares and reserved an additional 543,973 shares for future issuance under the 2006 Stock Incentive Plan. The Company's employees, officers, directors, consultants and advisors are eligible to receive awards under the 2006 Stock Incentive Plan; however, incentive stock options may only be granted to employees. The maximum number of shares of common stock with respect to which awards may be granted to any participant under the 2006 Stock Incentive Plan is 200,000 per calendar year. Members of the board of directors who are not full-time employees receive an annual option grant to acquire 2,500 shares. Vesting of stock options is determined by the board of directors. The contractual term of these stock options is up to ten years. The 2006 Stock Incentive Plan is administered by the Company's board of directors who may delegate authority to one or more committees or subcommittees of the board of directors or to the Company's officers. If the board of directors delegates authority to an officer, the officer has the power to make awards to all of the Company's employees, except to executive officers. The board of directors will fix the terms of the awards to be granted by such officer. No award may be granted under the 2006 Stock Incentive Plan after December 7, 2016, but the vesting and effectiveness of awards granted before that date may extend beyond that date.

Ocean Power Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)
(Unaudited)

Transactions under these option plans during the six months ended October 31, 2007 are as follows:

	<u>Shares Under Option</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (In Years)</u>
Outstanding April 30, 2007	1,303,574	\$ 14.49	
Forfeited	(19,291)	14.28	
Expired	(5,521)	12.34	
Exercised	(6,600)	8.08	
Granted	<u>259,242</u>	16.19	
Outstanding October 31, 2007	<u>1,531,404</u>	14.82	6.0
Exercisable October 31, 2007	<u>1,082,420</u>	14.90	4.1

The total intrinsic value of options exercised during the six months ended October 31, 2006 and 2007 was approximately \$41,000 and \$45,300, respectively. The total intrinsic value of outstanding and exercisable options as of October 31, 2007 was approximately \$3,900,000 and \$3,800,000, respectively. As of October 31, 2007, approximately 397,000 additional options were expected to vest, which had total intrinsic value of approximately \$118,000 and a weighted average remaining contractual term of 8.6 years. As of October 31, 2007, there was approximately \$3,768,000 of total unrecognized compensation cost related to non-vested stock options granted under the plans. This cost is expected to be recognized over a remaining weighted-average period of 3.1 years. The Company normally issues new shares to satisfy option exercises under these plans.

(11) Commitments and Contingencies

Litigation

The Company is involved from time to time in certain legal actions arising in the ordinary course of business. Management believes that the outcome of such actions will not have a material adverse effect on the Company's financial position or results of operations.

Ocean Power Technologies, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)
(Unaudited)

(12) Operating Segments and Geographic Information

The Company's business consists of one segment as this represents management's view of the Company's operations. The Company operates on a worldwide basis with one operating company in the U.S., one operating subsidiary in the U.K. and one operating subsidiary in Australia, which are categorized below as North America, Europe and Australia, respectively. Revenues are generally attributed to the operating unit that bills the customers.

Geographic information is as follows:

	Three Months Ended October 31, 2006			
	North America	Europe	Australia	Total
Revenues from external customers	\$ 309,758	245,678	125	555,561
Operating loss	(2,045,771)	(899,829)	(30,509)	(2,976,109)
Long-lived assets	393,462	53,501	—	446,963
Total assets	31,841,573	813,475	30,055	32,685,103

	Three Months Ended October 31, 2007			
	North America	Europe	Australia	Total
Revenues from external customers	\$ 1,129,904	556,308	—	1,686,212
Operating loss	(2,573,605)	(933,469)	(43,783)	(3,550,857)
Long-lived assets	276,017	118,880	1,404	396,301
Total assets	113,073,249	1,732,803	41,347	114,847,399

	Six Months Ended October 31, 2006			
	North America	Europe	Australia	Total
Revenues from external customers	\$ 540,059	282,934	37,754	860,747
Operating loss	(4,016,654)	(1,292,218)	(28,187)	(5,337,059)
Long-lived assets	393,462	53,501	—	446,963
Total assets	31,841,573	813,475	30,055	32,685,103

	Six Months Ended October 31, 2007			
	North America	Europe	Australia	Total
Revenues from external customers	\$ 1,376,606	865,310	—	2,241,916
Operating loss	(5,740,196)	(1,755,962)	(116,323)	(7,612,481)
Long-lived assets	276,017	118,880	1,404	396,301
Total assets	113,073,249	1,732,803	41,347	114,847,399

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. References to a fiscal year in this Form 10-Q refer to the year ended April 30 of that year (e.g., fiscal 2007 refers to the year ended April 30, 2007).

Overview

We develop and are commercializing proprietary systems that generate electricity by harnessing the renewable energy of ocean waves. Our PowerBuoy systems use proprietary technologies to convert the mechanical energy created by the rising and falling of ocean waves into electricity. We currently offer two PowerBuoy products, which consist of our utility PowerBuoy system and our autonomous PowerBuoy system.

We market our utility PowerBuoy system, which is designed to supply electricity to a local or regional power grid, to utilities and other electrical power producers seeking to add electricity generated by wave energy to their existing electricity supply. We market our autonomous PowerBuoy system, which is designed to generate power for use independent of the power grid, to customers that require electricity in remote locations. We believe there are a variety of potential applications for our autonomous PowerBuoy system, including sonar and radar surveillance, tsunami warning, oceanographic data collection, offshore platforms and offshore aquaculture. We also offer our customers operations and maintenance services for our PowerBuoy systems, which are expected to provide a source of recurring revenues.

We were incorporated in New Jersey in April 1984, began commercial operations in 1994, and were re-incorporated in Delaware in 2007. We currently have six wholly owned subsidiaries, which include Ocean Power Technologies Ltd., Reedsport OPT Wave Park LLC, Oregon Wave Energy Partners I, LLC, Oregon Wave Energy Partners II, LLC, California Wave Energy Partners I, LLC and Fairhaven OPT OceanPower LLC, and we own approximately 88% of the ordinary shares of Ocean Power Technologies (Australasia) Pty Ltd. Our revenues have been generated from research contracts and development and construction contracts relating to our wave energy technology. The development of our technology has been funded by capital we raised and by development engineering contracts we received starting in fiscal 1995. In fiscal 1996, we received the first of several research contracts with the U.S. Navy to study the feasibility of wave energy. As a result of those research contracts, we entered into our first development and construction contract with the U.S. Navy in fiscal 2002 under a still on-going project for the development and testing of our wave power systems at the U.S. Marine Corps Base in Oahu, Hawaii. We generated our first revenue relating to our autonomous PowerBuoy system from contracts with Lockheed Martin Corporation in fiscal 2003, and we entered into our first development and construction contract with Lockheed Martin in fiscal 2004 for the development and construction of a prototype demonstration autonomous PowerBuoy system. In fiscal 2005, we entered into a development agreement with an affiliate of Iberdrola S.A., a large electric utility company located in Spain and one of the largest renewable energy producers in the world, and other parties to jointly study the possibility of developing a wave power station off the coast of northern Spain. An affiliate of Total S.A., which is one of the world's largest oil and gas companies, also entered into the development agreement in June 2005. In January 2006, we completed the assessment phase of the project, and in July 2006 we entered into an agreement with Iberdrola Energias Marinas de Cantabria, S.A. to complete the first phase of the construction of a 1.39 megawatt (MW) wave power station. In addition, we have entered into a contract with affiliates of Iberdrola and Total to assess the viability of a 2 to 5MW power station off the coast of France. In 2007, we received a \$1.8 million contract from the Scottish Executive for the demonstration of a 150 kilowatt (kW) PowerBuoy system at Orkney, Scotland. In June 2007, we received a \$1.7 million contract from the U.S. Navy to provide our PowerBuoy technology to a unique program for ocean data gathering. Under this 18-month program, the U.S. Navy will conduct an ocean test of our autonomous PowerBuoy as the power source for the Navy's Deep Water Acoustic Detection System. In August 2007, we announced the award of a \$0.5 million contract from PNGC Power, an Oregon-based electric power cooperative, providing funding toward the fabrication and installation of a 150kW PowerBuoy system off the coast of Oregon. As of October 31, 2007, our backlog was \$7.9 million, an increase of \$1.0 million from the prior quarter ended July 31, 2007.

For the three months ended October 31, 2007, we generated revenues of \$1.7 million and incurred a net loss of \$1.8 million, compared to revenues of \$0.6 million and a net loss of \$2.3 million for the three months ended October 31, 2006. For the six months ended October 31, 2007, we generated revenues of \$2.2 million and incurred a net loss of \$4.3 million, compared to revenues of \$0.9 million and a net loss of \$4.0 million for the six months ended October 31, 2006. As of October 31, 2007, our accumulated deficit was \$42.6 million. We have not been profitable since inception, and we do not know whether or when we will become profitable because of the significant uncertainties with respect to our ability to successfully commercialize our PowerBuoy systems in the emerging renewable energy market. Since fiscal 2002, the U.S. Navy has accounted for a significant portion of our revenues. We expect that over time, revenues derived from utilities and other non-government commercial customers will increase more rapidly than sales to government customers and will, within a few years, represent the majority of our revenues.

Financial Operations Overview

The following describes certain line items in our statement of operations and some of the factors that affect our operating results.

Revenues

We have historically generated revenues primarily from the development and construction of our PowerBuoy systems for demonstration purposes and, to a lesser extent, from customer-sponsored research and development. For the three months ended October 31, 2006 and 2007, we derived approximately 94% and 95%, respectively, of our revenues from government and commercial development and construction contracts and 6% and 5%, respectively, of our revenues from customer-sponsored research and development. For the six months ended October 31, 2006 and 2007, we derived approximately 88% and 92%, respectively, of our revenues from government and commercial development and construction contracts and 12% and 8%, respectively, of our revenues from customer-sponsored research and development. Generally, we recognize revenue on the percentage-of-completion method based on the ratio of costs incurred to total estimated costs at completion. In certain circumstances, revenue under contracts that have specified milestones or other performance criteria may be recognized only when our customer acknowledges that such criteria have been satisfied. In addition, recognition of revenue (and the related costs) may be deferred for fixed-price contracts until contract completion if we are unable to reasonably estimate the total costs of the project prior to completion. Because we have a small number of contracts, revisions to the percentage of completion determination or delays in meeting performance criteria or in completing projects may have a significant effect on our revenue for the periods involved.

Under our agreement for the first phase of construction of a wave power station off the coast of Santoña, Spain, our revenues are limited to reimbursement for our construction costs without any mark-up and we are required to bear the first €0.5 million of any cost overruns and to absorb certain other costs as set forth in the agreement. Our estimates of the project's costs may increase in the future, and we may be required to seek customer approval for additional increases in the construction budget for the project. If the construction budget is not increased, we may elect to incur the additional costs and continue the project, to seek other suppliers for the materials or services related to the cost increases or to terminate the agreement. Any of such outcomes may have a material effect on our financial condition and results of operations.

Our revenues for the three and six months ended October 31, 2007 increased compared to the revenues for the three and six months ended October 31, 2006. The revenue increase reflected a higher level of activity in connection with our Spain construction contract, our entry into a new contract with the U.S. Navy in June 2007 and a higher level of activity on our contract for the construction, installation and in-ocean demonstration of our latest 150kW PowerBuoy that will be installed at the European Marine Energy Centre (EMEC) at Orkney, Scotland.

The U.S. Navy has been our largest customer since fiscal 2002. The U.S. Navy accounted for approximately 67% of our revenues for the three months ended October 31, 2007, and approximately 51% of our revenues for the three months ended October 31, 2006. The U.S. Navy accounted for approximately 61% of our revenues for the six months ended October 31, 2007, and approximately 55% of our revenues for the six months ended October 31, 2006. We anticipate that, if our commercialization efforts are successful, the relative contribution of the U.S. Navy to our revenue will decline in the future.

We currently focus our sales and marketing efforts on coastal North America, the west coast of Europe, the coasts of Australia and the east coast of Japan. During the three months ended October 31, 2007, we derived 33%, and during the three months ended October 31, 2006, we derived 44%, of our revenues from outside the United States. During the six months ended October 31, 2007, we derived 39%, and during the six months ended October 31, 2006, we derived 37%, of our revenues from outside the United States.

Cost of revenues

Our cost of revenues consists primarily of material, labor and manufacturing overhead expenses, such as engineering expense, equipment depreciation and maintenance and facility related expenses, and includes the cost of PowerBuoy parts and services supplied by third-party suppliers. Cost of revenues also includes PowerBuoy system delivery and deployment expenses.

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In the three months ended October 31, 2007, we operated at a gross loss of \$0.2 million, while in the three months ended October 31, 2006 we operated at a gross loss of \$0.6 million. In the six months ended October 31, 2007 and 2006, we operated at a gross loss of \$0.5 million. Our ability to operate at a gross profit will depend on the nature of future contracts and on our success at increasing sales of our PowerBuoy systems and our ability to manage costs incurred on fixed price commercial contracts.

Product development costs

Our product development costs consist of salaries and other personnel-related costs and the costs of products, materials and outside services used in our product development and unfunded research activities. Our product development costs primarily relate to our efforts to increase the output of our utility PowerBuoy system, including the 150kW PowerBuoy system and, to a lesser extent, to our research and development of new products, product applications and complementary technologies. We expense all of our product development costs as incurred, except for external patent costs, which we capitalize and amortize over a 17-year period commencing with the issuance date of each patent.

Our product development costs increased in the three and six months ended October 31, 2007, primarily as a result of our work to continue to increase the output and efficiency of our PowerBuoy systems.

We introduced our current 40kW PowerBuoy system in fiscal 2006. One system was deployed off the coast of New Jersey from October 2005 to October 2006, when it was removed from the ocean for routine maintenance and diagnostic testing. This system has been redeployed off the coast of New Jersey. Another system was deployed and tested in Hawaii for the U.S. Navy project during the month of June 2007. Work is also currently in progress on the design and construction of a third PowerBuoy system. During the three months ended October 31, 2007, we continued development activity in connection with our 150kW PowerBuoy system and expect to commence ocean testing of that system in 2008.

Selling, general and administrative costs

Our selling, general and administrative costs consist primarily of professional fees, salaries and other personnel-related costs for employees and consultants engaged in sales and marketing and support of our PowerBuoy systems and costs for executive, accounting and administrative personnel, professional fees and other general corporate expenses.

Our selling, general and administrative costs have increased in the three and six months ended October 31, 2007 compared to the three and six months ended October 31, 2006. This increase is due to the expansion of our sales and marketing capabilities, including increased headcount, and as a result of our becoming a public company in the United States in April 2007. We expect our selling, general and administrative costs will continue to increase as we further expand our sales and marketing capabilities.

Interest income

Interest income consists of interest received on cash and cash equivalents and investments in commercial bank-issued certificates of deposit. Prior to April 30, 2007, most of our cash, cash equivalents and bank-issued certificates of deposit resulted from the remaining proceeds of our October 2003 offering on the AIM market of the London Stock Exchange. On April 30, 2007, we completed our initial public offering in the United States, which resulted in net proceeds to us of \$89.9 million. Total cash, cash equivalents and certificates of deposit were \$109.7 million as of October 31, 2007, compared to \$29.2 million as of October 31, 2006. We anticipate that our interest income reported in fiscal 2008 will continue to be significantly higher than the comparable periods of the prior fiscal year as a result of the investment of the proceeds from our United States initial public offering.

Foreign exchange gain

We transact business in various countries and have exposure to fluctuations in foreign currency exchange rates. Foreign exchange gains and losses arise in the translation of foreign-denominated assets and liabilities, which may result in realized and unrealized gains or losses from exchange rate fluctuations. Since we conduct our business in U.S. dollars and our functional currency is the U.S. dollar, our main foreign exchange exposure, if any, results from changes in the exchange rate between the U.S. dollar and the British pound sterling, the Euro and the Australian dollar.

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We invest in certificates of deposit and maintain cash accounts that are denominated in British pounds, Euros and Australian dollars. These foreign-denominated certificates of deposit and cash accounts had a balance of \$14.3 million as of October 31, 2007 and \$16.7 million as of October 31, 2006, compared to our total certificates of deposits and cash account balances of \$109.7 million as of October 31, 2007 and \$29.2 million as of October 31, 2006. These foreign currency balances are translated at each month end to our functional currency, the U.S. dollar, and any resulting gain or loss is recognized in our results of operations.

In addition, a portion of our operations is conducted through our subsidiaries in countries other than the United States, specifically Ocean Power Technologies Ltd. in the United Kingdom, the functional currency of which is the British pound sterling, and Ocean Power Technologies (Australasia) Pty Ltd. in Australia, the functional currency of which is the Australian dollar. Both of these subsidiaries have foreign exchange exposure that results from changes in the exchange rate between their functional currency and other foreign currencies in which they conduct business. All of our international revenues for the three and six months ended October 31, 2006 and 2007 were recorded in Euros, British pounds or Australian dollars.

We currently do not hedge our exchange rate exposure. However, we assess the anticipated foreign currency working capital requirements and capital asset acquisitions of our foreign operations and attempt to maintain a portion of our cash, cash equivalents and certificates of deposit denominated in foreign currencies sufficient to satisfy these anticipated requirements. We also assess the need and cost to utilize financial instruments to hedge currency exposures on an ongoing basis and may hedge against exchange rate exposure in the future.

Results of Operations

Three Months Ended October 31, 2007 Compared to Three Months Ended October 31, 2006

The following table contains selected statement of operations information, which serves as the basis of the discussion of our results of operations for the three months ended October 31, 2006 and 2007:

	Three Months Ended October 31, 2006		Three Months Ended October 31, 2007		Change 2007 Period to 2006 Period	
	Amount	As a % of Revenues	Amount	As a % of Revenues	\$ Change	% Change
Revenues	\$ 555,561	100%	\$ 1,686,212	100%	\$ 1,130,651	204%
Cost of revenues	1,156,665	208	1,923,196	114	766,531	66
Gross loss	(601,104)	(108)	(236,984)	(14)	364,120	(61)
Operating expenses:						
Product development costs	1,749,913	315	1,942,713	116	192,800	11
Selling, general and administrative costs	625,092	113	1,371,160	81	746,068	119
Total operating expenses	2,375,005	428	3,313,873	197	938,868	40
Operating loss	(2,976,109)	(536)	(3,550,857)	(211)	(574,748)	19
Interest income	360,561	65	1,343,877	80	983,316	273
Foreign exchange gain	308,348	56	336,164	20	27,816	9
Net loss	<u>\$(2,307,200)</u>	<u>(415)%</u>	<u>\$(1,870,816)</u>	<u>(111)%</u>	<u>\$ 436,384</u>	<u>(19)</u>

Revenues

Revenues increased by \$1.1 million in the three months ended October 31, 2007, or 204%, to \$1.7 million as compared to \$0.6 million in the three months ended October 31, 2006. The increase in revenues was primarily attributable to the following factors:

- Revenues relating to our utility PowerBuoy system increased by approximately \$1.0 million due to an increase in on-going work on our Hawaii project for the U.S. Navy, work on the first phase of construction of a 1.39MW wave power station off the coast of Spain and work on the design, manufacture and installation of an OPT wave power station consisting of a single PB150 (150kW) PowerBuoy device in Orkney, Scotland.

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- Revenues relating to our autonomous PowerBuoy system increased approximately \$0.1 million as a result of work commencing on our \$1.7 million contract with the U.S. Navy to provide our PowerBuoy technology to a program for ocean data gathering and work completed on our contract with the Department of the Interior for Homeland Security.

Cost of revenues

Cost of revenues increased by \$0.7 million to \$1.9 million in the three months ended October 31, 2007, as compared to \$1.2 million in the three months ended October 31, 2006. This increase in cost of revenues reflected the higher level of activity on revenue-bearing contracts, and an increase of approximately \$0.1 million of compensation expense recorded as cost of revenues under Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* (SFAS No. 123(R)), which requires companies to recognize compensation expense for all stock-based payments to employees. The increase in gross margin percent in the three months ended October 31, 2007 also reflected a decrease in gross profit of approximately \$0.5 million recorded in the three months ended October 31, 2006 in connection with our project in Spain, due to higher expected costs at completion of the project.

Product development costs

Product development costs increased \$0.2 million, or 11%, to \$1.9 million in the three months ended October 31, 2007, as compared to \$1.7 million in the three months ended October 31, 2006. The increase in product development costs was primarily attributable to our work to increase the power output of our utility PowerBuoy system, including the 150kW PowerBuoy system. We anticipate that our product development costs related to the planned increase in the output of our utility PowerBuoy system will increase significantly over the next several years and that the amount of these expenditures will not necessarily be affected by the level of revenue generated over that time period.

Selling, general and administrative costs

Selling, general and administrative costs increased \$0.8 million, or 119%, to \$1.4 million for the three months ended October 31, 2007, as compared to \$0.6 million for the three months ended October 31, 2006. The increase was attributable to an increase of \$0.1 million related to additional marketing expenses and consulting costs, \$0.3 million in professional fees and other costs incurred as a result of our becoming a public company in the United States, and \$0.4 million in additional payroll and incentive-based costs related to Company growth.

Interest income

Interest income increased by \$0.9 million to \$1.3 million for the three months ended October 31, 2007, compared to \$0.4 million for the three months ended October 31, 2006, due to the investment of the net proceeds of our United States initial public offering on April 30, 2007.

Foreign exchange gain

Foreign exchange gain was \$0.3 million for both the three months ended October 31, 2007 and the three months ended October 31, 2006, and was primarily attributable to the appreciation of the British pound compared to the U.S. dollar.

[Table of Contents](#)**Six Months Ended October 31, 2007 Compared to Six Months Ended October 31, 2006**

The following table contains selected statement of operations information, which serves as the basis of the discussion of our results of operations for the six months ended October 31, 2006 and 2007:

	Six Months Ended October 31, 2006		Six Months Ended October 31, 2007		Change 2007 Period to 2006 Period	
	Amount	As a % of Revenues	Amount	As a % of Revenues	\$ Change	% Change
Revenues	\$ 860,747	100%	\$ 2,241,916	100%	\$ 1,381,169	160%
Cost of revenues	1,382,630	161	2,728,188	122	1,345,558	97
Gross loss	(521,883)	(61)	(486,272)	(22)	35,611	(7)
Operating expenses:						
Product development costs	2,802,039	325	3,758,447	168	956,408	34
Selling, general and administrative costs	2,013,137	234	3,367,762	150	1,354,625	67
Total operating expenses	4,815,176	559	7,126,209	318	2,311,033	48
Operating loss	(5,337,059)	(620)	(7,612,481)	(340)	(2,275,422)	43
Interest income	722,928	84	2,788,163	125	2,065,235	286
Foreign exchange gain	645,977	75	515,658	23	(130,319)	(20)
Net loss	<u>\$ (3,968,154)</u>	<u>(461)%</u>	<u>\$ (4,308,660)</u>	<u>(192)%</u>	<u>\$ (340,506)</u>	<u>9</u>

Revenues

Revenues increased by \$1.3 million in the six months ended October 31, 2007, or 160%, to \$2.2 million as compared to \$0.9 million in the six months ended October 31, 2006. The increase in revenues was primarily attributable to the following factors:

- Revenues relating to our utility PowerBuoy system increased by approximately \$1.2 million due to an increase in on-going work on our Hawaii project for the U.S. Navy, work on the first phase of construction of a 1.39MW wave power station off the coast of Spain and work on the design, manufacture and installation of an OPT wave power station consisting of a single PB150 (150kW) PowerBuoy device in Orkney, Scotland.
- Revenues relating to our autonomous PowerBuoy system increased approximately \$0.1 million as a result of work on our \$1.7 million contract with the U.S. Navy to provide our PowerBuoy technology to a program for ocean data gathering.

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Cost of revenues

Cost of revenues increased by \$1.3 million to \$2.7 million in the six months ended October 31, 2007, as compared to \$1.4 million in the six months ended October 31, 2006. This increase in cost of revenues reflected the higher level of activity on revenue-bearing contracts, and an increase of approximately \$0.2 million of compensation expense recorded as cost of revenues under SFAS No. 123(R), which requires companies to recognize compensation expense for all stock-based payments to employees. The increase in gross margin percent in the six months ended October 31, 2007 also reflected a decrease in gross profit of approximately \$0.5 million recorded in the six months ended October 31, 2006 in connection with our project in Spain, due to higher expected costs at completion of the project.

Product development costs

Product development costs increased \$1.0 million, or 34%, to \$3.8 million in the six months ended October 31, 2007, as compared to \$2.8 million in the six months ended October 31, 2006. The increase in product development costs was primarily attributable to our work to increase the power output of our utility PowerBuoy system, including the 150kW PowerBuoy system. We anticipate that our product development costs related to the planned increase in the output of our utility PowerBuoy system will increase significantly over the next several years and that the amount of these expenditures will not necessarily be affected by the level of revenue generated over that time period.

Selling, general and administrative costs

Selling, general and administrative costs increased \$1.4 million, or 67%, to \$3.4 million for the six months ended October 31, 2007, as compared to \$2.0 million for the six months ended October 31, 2006. The increase was primarily attributable to an increase of \$0.4 million related to additional marketing expenses and consulting costs, \$0.7 million in professional fees and other costs incurred as a result of our becoming a public company in the United States, and \$0.3 million in additional payroll and incentive-based costs related to Company growth.

Interest income

Interest income increased by \$2.1 million to \$2.8 million for the six months ended October 31, 2007, compared to \$0.7 million for the six months ended October 31, 2006, due to the investment of the net proceeds of our United States initial public offering on April 30, 2007.

Foreign exchange gain

Foreign exchange gain was \$0.5 million for the six months ended October 31, 2007, compared to a foreign exchange gain of \$0.6 million for the six months ended October 31, 2006, and was primarily attributable to the appreciation of the British pound compared to the U.S. dollar.

Liquidity and Capital Resources

Since our inception, the cash flows from customer revenues have not been sufficient to fund our operations and provide the capital resources for the planned growth of our business. For the three years ended April 30, 2007, our revenues were \$9.6 million, our net losses were \$17.1 million and our net cash used in operating activities was \$13.5 million. Over that same period, we raised \$90.3 million in financing activities, including \$89.9 million from the closing of our United States initial public offering on April 30, 2007.

At October 31, 2007, our total cash and cash equivalents were \$109.7 million. Our cash and cash equivalents are highly liquid investments with maturities of three months or less at the date of purchase and consist primarily of term deposits, commercial paper, treasury bills and money market funds with large commercial banks. We had no investments in certificates of deposit at October 31, 2007, reflecting our decision only to invest in investments with fixed maturity dates of less than three months.

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The primary drivers of our cash flows have been our ability to generate revenues and decrease losses related to our contracts, as well as our ability to obtain and invest the capital resources needed to fund our development.

Net cash used in operating activities was \$5.7 million for the six months ended October 31, 2007. This primarily resulted from a net loss for the period of \$4.3 million, decreased by non-cash charges of \$0.1 million in depreciation and amortization, \$1.2 million of compensation expense related to stock option grants, a \$0.3 million decrease in our accounts receivable and a \$0.6 million increase in our unearned revenues. This was partially offset by a non-cash foreign exchange gain of \$0.5 million, a \$1.3 million decrease in our accrued expenses, a \$0.3 million decrease in our accounts payable, a \$0.8 million increase in unbilled receivables and a \$0.7 million increase in other current assets. The net increase in receivables was due to increased revenue recognized in the six months ended October 31, 2007, which was not billed until after period end, as compared to the period ended April 30, 2007. The non-cash foreign exchange gain reflected our significant holdings of sterling-denominated term deposits, which were impacted by the depreciation of the dollar against the British pound during the six months ended October 31, 2007. Decreases in accounts payable and accrued expenses in the six months ended October 31, 2007 primarily resulted from the payment of certain accounts payable and accrued expenses associated with incentive payments made to employees during the six months ended October 31, 2007. The increase in other current assets was due to prepayments of certain insurance premiums, increased interest receivable on invested cash, and deposits related to the Company's operations. Unearned revenues at October 31, 2007 reflect the amounts by which billings under two contracts exceeded revenues recognized. Net cash provided by investing activities was \$8.2 million for the six months ended October 31, 2007 resulting primarily from a shift in funds from certificates of deposit with maturities of three months or longer to ones with maturities less than three months. There were \$9.0 million in purchases and \$17.4 million in maturities of certificates of deposit with terms longer than three months, during the six months ended October 31, 2007. Net cash used in financing activities was \$0.8 million for the six months ended October 31, 2007, and primarily resulted from the payment of certain accrued expenses associated with our U.S. initial public offering.

We expect to devote substantial resources to continue our development efforts for our PowerBuoy systems and to expand our sales, marketing and manufacturing programs associated with the commercialization of the PowerBuoy system. Our future capital requirements will depend on a number of factors, including:

- the success of our commercial relationships with Iberdrola, Total and the U.S. Navy;
- the cost of manufacturing activities;
- the cost of commercialization activities, including demonstration projects, product marketing and sales;
- our ability to establish and maintain additional commercial relationships;
- the implementation of our expansion plans, including the hiring of new employees;
- potential acquisitions of other products or technologies; and
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims and other patent-related costs.

We believe that our current cash and cash equivalents will be sufficient to meet our anticipated cash needs for working capital and capital expenditures at least through fiscal 2009. If existing resources are insufficient to satisfy our liquidity requirements or if we acquire or license rights to additional product technologies, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or convertible securities could result in dilution to our stockholders. If additional funds are raised through the issuance of debt securities, these securities could have rights senior to those associated with our common stock and could contain covenants that would restrict our operations. Financing may not be available in amounts or on terms acceptable to us. If we are unable to obtain required financing, we may be required to reduce the scope of our planned product development and marketing efforts, which could harm our financial condition and operating results.

Off-Balance Sheet Arrangements

Since inception, we have not engaged in any off-balance sheet financing activities.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary exposure to market risk is currently confined to our cash and cash equivalents. None of these items that we hold have maturities that exceed three months. We currently do not hedge interest rate exposure. We have not used derivative financial instruments for speculative or trading purposes. Because the maturities of our cash equivalents do not exceed three months, we do not believe that a change in market rates would have any significant impact on the realized value of our investments. We do not have market risk exposure on our long-term debt because it consists of an interest-free loan from the New Jersey Board of Public Utilities.

Management estimates that had the average yield on our cash and cash equivalents, and certificates of deposit decreased by 100 basis points, our interest income for the six months ended October 31, 2007 would have decreased by approximately \$0.6 million. This estimate assumes that the decrease occurred on the first day of the fiscal year and reduced the yield of each investment by 100 basis points. The impact on our future interest income of future changes in investment yields will depend largely on the gross amount of our cash, cash equivalents, and investments.

We transact business in various countries and have exposure to fluctuations in foreign currency exchange rates. Foreign exchange gains and losses arise in the translation of foreign-denominated assets and liabilities, which may result in realized and unrealized gains or losses from exchange rate fluctuations. Since we conduct our business in U.S. dollars and our functional currency is the U.S. dollar, our main foreign exchange exposure, if any, results from changes in the exchange rate between the U.S. dollar and the British pound sterling, the Euro and the Australian dollar.

We maintain cash accounts that are denominated in British pounds, Euros and Australian dollars. These foreign-denominated cash accounts had a balance of \$14.3 million as of October 31, 2007, compared to our total cash account balances of \$109.7 million as of October 31, 2007. These foreign currency balances are translated at each month end to our functional currency, the U.S. dollar, and any resulting gain or loss is recognized in our results of operations.

In addition, a portion of our operations is conducted through our subsidiaries in countries other than the United States, specifically Ocean Power Technologies Ltd. in the United Kingdom, the functional currency of which is the British pound sterling, and Ocean Power Technologies (Australasia) Pty Ltd. in Australia, the functional currency of which is the Australian dollar. Both of these subsidiaries have foreign exchange exposure that results from changes in the exchange rate between their functional currency and other foreign currencies in which they conduct business. All of our international revenues for the six months ended October 31, 2007 were recorded in Euros, British pounds or Australian dollars. If the foreign currency exchange rates had fluctuated by 10% as of October 31, 2007, our foreign exchange gain would have changed by approximately \$1.4 million.

We currently do not hedge exchange rate exposure. However, we assess the anticipated foreign currency working capital requirements and capital asset acquisitions of our foreign operations and attempt to maintain a portion of our cash, cash equivalents and certificates of deposit denominated in foreign currencies sufficient to satisfy these anticipated requirements. We also assess the need and cost to utilize financial instruments to hedge currency exposures on an ongoing basis and may hedge against exchange rate exposure in the future.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, as of October 31, 2007, our Chief Executive Officer along with the Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in our periodic SEC filings.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended October 31, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are subject to legal proceedings, claims and litigation arising in the ordinary course of business. While the outcome of these matters is currently not determinable, we do not expect that the ultimate costs to resolve these matters will have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. RISK FACTORS

The discussion of our business and operations should be read together with the risk factors contained in Item 1A of our Annual Report on Form 10-K for the year ended April 30, 2007. These risk factors describe various risks and uncertainties to which we are or may become subject. These risks and uncertainties have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K filed with the SEC on July 30, 2007.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Use of Proceeds

On April 30, 2007, we sold 5,000,000 shares of our common stock in our initial public offering in the United States at a price of \$20.00 per share, pursuant to a registration statement on Form S-1 (File No. 333-138595), which was declared effective by the SEC on April 24, 2007. The managing underwriters in the offering were UBS Securities LLC, Banc of America Securities LLC, and Bear, Stearns & Co., Inc. The underwriting discounts and commissions and offering expenses payable by us aggregated \$10.1 million, resulting in net proceeds to us of \$89.9 million.

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From the effective date of the registration statement through October 31, 2007, we used approximately \$0.2 million to construct demonstration wave power stations, approximately \$1.1 million to fund the continued development and commercialization of our PowerBuoy system and approximately \$0.6 million to expand our sales and marketing capabilities. We have invested the balance of the net proceeds from the offering in short-term, investment grade, interest-bearing instruments, in accordance with our investment policy. We have not used any of the net proceeds from the offering to make payments, directly or indirectly, to any director or officer of ours, or any of their associates, to any person owning 10 percent or more of our common stock or to any affiliate of ours. There has been no material change in our planned use of the balance of the net proceeds from the offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's annual meeting of shareholders was held on October 5, 2007. At the annual meeting, the shareholders voted on the following proposals:

Election of Directors

Each nominee for director was elected by a vote of shareholders as follows:

Name	For	Withheld
Seymour S. Preston III	6,901,285	49,227
Eric A. Ash	6,900,392	50,120
Thomas J. Meaney	6,909,042	41,470
George W. Taylor	6,905,767	44,745
Charles F. Dunleavy	6,904,767	45,745

Ratification of the Selection of KPMG LLP as Independent Registered Public Accounting Firm

	For	Against	Abstain
Ratification of KPMG LLP	6,922,669	11,946	15,897

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

- 10.1 Modification of Contract, dated September 13, 2007, modifying Contract Number N00014-02-C-0053, between the Office of Naval Research, U.S. Navy and Ocean Power Technologies, Inc., as modified.
- 10.2 Modification of Contract, dated September 26, 2007, modifying Contract Number N00014-05-C-0384, between the Office of Naval Research, U.S. Navy and Ocean Power Technologies, Inc., as modified.
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OCEAN POWER TECHNOLOGIES, INC.
(Registrant)

By: /s/ George W. Taylor

George W. Taylor
Chief Executive Officer
(Principal Executive Officer)

Date: December 17, 2007

By: /s/ Charles F. Dunleavy

Charles F. Dunleavy
Chief Financial Officer
(Principal Financial Officer)

Date: December 17, 2007

EXHIBITS INDEX

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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

CONTRACT ID CODE
D0-C9(U)

PAGE OF PAGES
1 3

2. AMENDMENT/MODIFICATION NO. P00011		3. EFFECTIVE DATE SEE BLOCK 16C		4. REQUISITION/PURCHASE REG. NO 07PR06944-01		5. PROJECT NO. (if applicable) N.A.	
6. ISSUED BY OFFICE OF NAVAL RESEARCH ONR 254: WADE WARGO (703) 696-0719 875 NORTH RANDOLPH ST ARLINGTON VA 22203-1995		CODE N00014		7. ADMINISTERED BY (if other than item 6) DCM PHILADELPHIA PO BOX 11427 700 ROBBINS AVENUE BLDG 4A PHILADELPHIA, PA 19111-0427		SCD-C CODE S3915A	

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) OCEAN POWER TECHNOLOGIES, INC. 1590 REED ROAD PENNINGTON, NJ 08534		(3) O <input checked="" type="checkbox"/>	9.A. AMENDMENT OF SOLICITATION NO. N.A.
CODE 04EP7			FACILITY CODE
			9B. DATED (SEE ITEM 11)
			10A. MODIFICATION OF CONTRACT/ORDER NO. N00014-02-C-0053
			10B. DATED (SEE ITEM 13) 11 FEB 2002

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers is extended is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and data specified in the solicitation or as amended, by on of the following methods: (a) By completing items 8 and 15, and returning copies of the amendment; (b) By acknowledging receipt of the amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and data specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)
SEE THE ATTACHED FINANCIAL ACCOUNTING DATA (FAD) SHEET(S)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRCATS/ORDERS
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED ITEM 14.

<input type="checkbox"/>	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify Authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
<input type="checkbox"/>	C. SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: AUTHORITY FOR OTHER THAN FULL AND OPEN COMPETITION:
<input checked="" type="checkbox"/>	D. OTHER (Specify type of modification and authority) Mutual Agreement of Parties in accordance with FAR 43.103(a)

E. IMPORTANT: Contractor is not, is required to sign this document and return 1 copies to the Issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The purpose of this modification is to provide for additional costs for a cost growth and to increase the costs and fixed fee for expansion items under Contract Number N00014-02-C-0053.

See Page 2

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Charles F. Dunleavy Chief Financial Officer		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Wade Wargo Contracting Officer	
15B. CONTRACTOR/OFFEROR /s/ Charles F. Dunleavy (Signature of person authorized to sign)	15C. DATE SIGNED 9/13/2007	16B. UNITED STATES OF AMERICA BY /s/ Wade Wargo (Signature of Contracting Officer)	16C. DATE SIGNED 9/13/2007

SN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE
NAVOCNR OVERPRINT (3-88)

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Effective as of the date of this modification:

- 1) The funds available for performance of this contract are increased by the amount set forth in the attached Financial Accounting Data sheet(s).
- 2) Revise SECTION B — SUPPLIES OR SERVICES AND PRICES/COSTS to incorporate the expansion effort for CLIN 0001. the cost growth for CLIN 0005, and to provide funding for both under ACRN AG as follows:

ITEM NO.	SUPPLIES/SERVICES	ESTIMATED COST	FIXED FEE	TOTAL ESTIMATED COST & FIXED FEE
0001	The Contractor shall furnish the necessary personnel and facilities to conduct the research effort as described in Section C.	\$7,377,883	\$299,552	\$7,677,435
	000101 ACRN:AA \$2,400,000			
	000102 ACRN: AC \$1,285,129			
	000103 ACRN: AD \$1,598,937			
	000104 ACRN: AE \$1,100,114			
	000105 ACRN: AF \$899,976			
	000106 ACRN: AG \$393,279			
0002	Reports and Data in accordance with Exhibit A(DD Form 1423)			NSP
0003	OPTION 1 — Wave Tank Test 2; Validate Numerical Models	\$ 99,850	\$ 5,991	\$ 105,841
0004	OPTION 2 — On-going Ocean Test - -Continue Monitoring	\$ 107,979	\$ 6,479	\$ 114,458
	000401 ACRN: AC \$77,220			
0005	OPTION 3 — Complete System Removal	\$ 391,710	\$ 15,599	\$ 407,309
	000501 ACRN: AA \$91,800			
	000502 ACRN: AB \$116,146			
	000503 ACRN: AC \$37,238			
	000504 ACRN: AG \$162,125			
TOTAL ESTIMATED CONTRACT CONSIDERATION:		\$7,877,572	\$321,630	\$8,199,202

3) This modification adds additional tasks via Attachment 5, entitled “Statement of Work P00011” and associated with CLIN 0001 and 0005.

4) SECTION F- DELIVERIES OR PERFORMANCE is hereby revised to read as follows:

1. The research effort to be performed under this contract shall be conducted during the period from 11 Feb 2002 through 31 December 2007

Item No. 0002 of Section B (Reports and Data) shall be delivered within the time periods stated in Exhibits A &B. F.O.B. Destination.

5) SECTION G — CONTRACT ADMINISTRATION DATA, paragraph 1.5, entitled “Allotment of Funds”, is revised to read as follows:

“1.5 ALLOTMENT OF FUNDS

(a) It is hereby understood and agreed that this contract will not exceed a total amount of \$8,199,202; including an estimated cost of \$7,877,572 and a fixed fee of \$321,630.

(b) CLIN 0001 is fully funded.

(c) CLIN 0003 is not funded.

(d) It is hereby understood and agreed that CLIN 0004 will not exceed a total amount of \$114,458: including an estimated cost of \$107,979 and a fixed fee of \$6,479. The total amount presently available for payment and allotted to CLIN 0004 is \$77,220: including an estimated cost of \$72,849 and a fixed fee of \$4,371.

(e) CLIN 0005 is fully funded.

(f) It is estimated that the amount allotted of \$8,199,202 will cover the remaining period of performance. No additional funding is anticipated to be provided under this effort.”

6) SECTION H — SPECIAL CONTRACT REQUIREMENTS, paragraph 6.0 is hereby added:

Disposition of Buoy 2

Pursuant to 15 U.S.C. 638 as implemented by the U.S. Small Business Administration Small Business Innovation Research Program Policy Directive, title to Buoy 2 shall vest in the Contractor. The Contractor agrees that no charge will be made to the Government for any depreciation, amortization, or use of the Buoy 2 equipment under any existing or future Government contract or subcontract there under.

7) This modification increases the Estimated Cost of the contract by \$502,744. the Fixed Fee by \$22,261. and the Total Estimated Cost & Fixed Fee by \$525,005. All other terms and conditions remain unchanged.

Statement of Work (SoW) for Contract N00014-02-C-0053
Modification P00011
September 7, 2007

Buoy 1 Tasks (CLIN 0005)

Task B I -T6.0a. Remove hydraulic accumulator and other hydraulic equipment. — Ocean Power Technologies (OPT) will remove the hydraulic equipment not planned for further use from the seabed. This includes removal of the accumulator rack, hydraulic hoses, hydraulic cylinder-manifold assembly and fluid. This equipment will be transported to Honolulu. OPT will also dispose of system components that are no longer necessary for continuing system testing.

Task B1 -T6.0b. Remove all pods. OPT will retrieve the pods from the seabed, tow them to MCBH, remove them from the water and transport them to Honolulu. OPT will dispose of system components that are no longer necessary for continuing system testing. At the conclusion of this contract, the Government will transfer Government owned system components required for continuing tests from this contract to the applicable OPT contract.

Buoy 2 Tasks (CLIN 0001)

Task B2-T3.2. Inspection, Maintenance and Minor Repair for Buoy 2 for one month period

OPT will inspect, maintain & provide minor repairs for Buoy 2 for the one month period of deployment during June 2007.

A minor repair is defined as an activity that at most requires a small vessel with two scuba divers and an engineer for a repair accessible either near the buoy's mast or a land-based equipment replacement. Typical buoy minor repair items may include replacement of the RF antenna or GPS, hydraulic rod joint connection, mast box, radar reflector, or navaid light. Typical land based equipment repairs would consist of replacement of a receiver antenna, control circuit board, data acquisition system components or other bunker equipment.

OPT will contract as required with an experienced offshore contractor to make routine visual inspections of the buoy, cable and anchor components to check for corrosion, marine growth and wear, and perform minor repairs or maintenance on the sea-based equipment.

Task B2-T4.0. Program and Technical Management

OPT will continue to provide program and technical management through the period of performance and close-out of the contract. The OPT technical manager will provide the overall technical direction for this effort in coordination with the program manager. OPT will continue to provide reports in accordance with the Contract Data Requirements List (CDRL) Items.

Task B2-T5.1. Buoy 2 Recovery & Disposition

At the end of the ocean test, OPT will recover Buoy 2 from the ocean test site for temporary storage at Marine Corps Base Hawaii (MCBH). An experienced contractor in marine engineering will be selected for this task. Additional transport of the buoy from MCBH will be at OPT's expense.

Task B2-T5.2. Buoy 2 Root Cause Analysis

OPT will perform root cause analysis to determine the cause of the malfunction to the hydraulic power take-off system. OPT will disassemble the buoy preserving the hydraulic subsystem and send the system components out for independent analyses. This includes metallurgical analysis and inspection of the major hydraulic system components to include the hydraulic cylinders, manifolds, motors and hydraulic fluid. OPT will also provide a report outlining the results of the root cause analysis.

Contract Number N00014-02-C-0053
Modification P00011

Page 2

FINANCIAL ACCOUNTING DATA SHEET — NAVY

1. CONTRACT NUMBER (CRITICAL) N0001402C0053		2. SPIIN (CRITICAL)		3. MOD (CRITICAL) P00011			4. PR NUMBER 07PR06944 -- 01								
CLIN/SLIN	6. LINE OF ACCOUNTING													7. AMOUNT (CRITICAL)	NAVY INTERNAL USE ONLY REF DOC/ACRN
	A. ACRN (CRITICAL)	B. APPROPRIATION (CRITICAL)	C. SUBHEAD (CRITICAL)	D. OBJ CLA	E. PARM	F. RFM	G. SA	H. AAA (CRITICAL)	I. IT	J. PAA	K. COST CODE				
	AG	1761319	W3DK	255	RA	333	0	068342	2D	000000	PROJ UNIT 09690	MCC 000	PDU & SUF 4KT0	\$525,005.00	PR#07PR06944-01 FRC : 34KT
													PAGE TOTAL	\$525,005.00	
													GRAND TOTAL	\$525,005.00	
PREPARED/AUTHORIZED BY:							COMPTROLLER APPROVAL: FOR FISCAL DATA AND SIGNATURE								
DATE:							BY _____ for COMPTROLLER, ONR CONTRACT REVIEWED								
							DATE:								

FINANCIAL ACCOUNTING DATA SHEET — NON-NAVY DoD ACTIVITIES

1. CONTRACT NUMBER (CRITICAL) N0001402C0053		2. SPIIN (CRITICAL)	3. MOD (CRITICAL) P00011	4. PR NUMBER 07PR06944-01		
5. CLIN/SLIN	6. ACRN (CRITICAL)	7. ACCOUNTING CITATION			8. AMOUNT (CRITICAL)	NAVY INTERNAL USE ONLY REF DOC/ACRN
		This page is intentionally blank				
PAGE TOTAL					\$.00	
GRAND TOTAL					\$.00	
PREPARED/AUTHORIZED BY: DATE:			COMPTROLLER APPROVAL: FOR FISCAL DATA AND SIGNATURE BY _____ for COMPTROLLER, ONR CONTRACT REVIEWED DATE: _____			

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			CONTRACT ID CODE D0-C9(U)	PAGE OF PAGES 1 9	
2. AMENDMENT/MODIFICATION NO. P00002	3. EFFECTIVE DATE SEE BLOCK 16C	4. REQUISITION/PURCHASE REG. NO. 07PR08497-02/03	5. PROJECT NO. (if applicable) N.A.		
6. ISSUED BY CODE	N00014	7. ADMINISTERED BY (if other than item 6)	SCD-C	CODE	S3915A
OFFICE OF NAVAL RESEARCH ONR 254: Tracy Marcinowski (CACI) (703) 696-6804 875 NORTH RANDOLPH ST ARLINGTON VA 22203-1995		DCM PHILADELPHIA PO BOX 11427 700 ROBBINS AVENUE BLDG 4A PHILADELPHIA, PA 19111-0427			
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) OCEAN POWER TECHNOLOGIES, INC. 1590 REED ROAD PENNINGTON, NJ 08534			(3)	9. A. AMENDMENT OF SOLICITATION NO. N.A.	
			<input type="checkbox"/>	9B. DATED (SEE ITEM 11)	
			<input checked="" type="checkbox"/>	10A. MODIFICATION OF CONTRACT/ORDER NO. N00014-05-C-0384	
				10B. DATED (SEE ITEM 13) 20 Sep 2005	
CODE 04EP7	FACILITY CODE				
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS					
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended <input type="checkbox"/> is not extended.					
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning copies of the amendment; (b) By acknowledging receipt of the amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.					
12. ACCOUNTING AND APPROPRIATION DATA (if required) SEE THE ATTACHED FINANCIAL ACCOUNTING DATA (FAD) SHEET(S)					
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED ITEM 14.					
(3) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify Authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. <input type="checkbox"/>					
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). <input type="checkbox"/>					
C. SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: AUTHORITY FOR OTHER THAN FULL AND OPEN COMPETITION: <input type="checkbox"/>					
D. OTHER (Specify type of modification and authority) <input checked="" type="checkbox"/> Mutual Agreement of Parties in accordance with FAR 43.103(a)					
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>1</u> copies to the issuing office.					
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) The purpose of this modification is to provide for additional costs for a cost growth and to increase the costs and fixed fee for expansion items under Contract Number N00014-05-C-0384 as well as incorporate CDRLs for CLIN 0001, 0002, 0003 and 0004.					
See Page 2					
Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.					
15A. NAME AND TITLE OF SIGNER (Type or print) Charles F. Dunleavy Chief Financial Officer			16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Wade Wargo Contracting Officer		
15B. CONTRACTOR/OFFEROR /s/Charles F. Dunleavy <small>(Signature of person authorized to sign)</small>		15C. DATE SIGNED 9/25/07	16B. UNITED STATES OF AMERICA BY /s/Wade Wargo <small>(Signature of Contracting Officer)</small>		16C. DATE SIGNED 9/26/2007
SN 7540-01-152-8070 PREVIOUS EDITION UNUSABLE NAVOCNR OVERPRINT (3-88)			30-105 STANDARD FORM 30 (REV. 10-83) Prescribed by GSA FAR (48 CFR) 53.243		

Effective as of the date of this modification:

- 1) The funds available for performance of this contract are increased by the amount set forth in the attached Financial Accounting Data sheet(s).
- 2) Revise **SECTION B — SUPPLIES OR SERVICES AND PRICES/COSTS** to incorporate the expansion effort for CLIN 0002, the cost growth for CLIN 0001, and to add the tasks for CLIN 0003 and CLIN 0004 and to provide funding for all CLINs under ACRN AB and AC as follows:

ITEM NO.	SUPPLIES/SERVICES	ESTIMATED COST	FIXED FEE	TOTAL ESTIMATED COST & FIXED FEE
0001	The Contractor shall furnish the necessary personnel and facilities to conduct the research effort as described in Section C and provide reports and data in accordance with Exhibit A. 000101 ACRN AA: \$2,799,405 000102 ACRN AB: \$581,298	\$ 3,222,246	\$ 158,457	\$ 3,380,703
0002	The Contractor shall furnish the necessary personnel and facilities to conduct the research effort as described in Section C and provide reports and data in accordance with Exhibit A. 000201 ACRN AB: \$197,296 000202 ACRN AC: \$148,447	\$ 326,173	\$ 19,570	\$ 345,743
0003	Task 4.2A—Data Collection and Control Back-up Equipment in support of CLINs 0001 and 0002. The Contractor shall furnish the necessary personnel and facilities to conduct the research effort as described in Section C and provide reports and data in accordance with Exhibit A. 000301 ACRN AC: \$96,207	\$ 90,761	\$ 5,446	\$ 96,207 NTE
0004	Task 7.0—Authorized Maintenance and Repairs in support of CLINs 0001 and 0002. The Contractor shall furnish the necessary personnel and facilities to conduct the research effort as described in Section C and provide reports and data in accordance with Exhibit A. 000401 ACRN AC: \$298,247	\$ 281,365	\$ 16,882	\$ 298,247 NTE
TOTAL ESTIMATED CONTRACT CONSIDERATION:		\$ 3,920,545	\$ 200,355	\$ 4,120,900

- 3) **SECTION C— DESCRIPTION/SPECIFICATIONS/WORK STATEMENT** is hereby revised to read as follows:
 1. The research effort to be performed hereunder shall be subject to the requirements and standards contained in Exhibit A and the following paragraph(s).
 2. The Contractor shall conduct the research effort under CLIN 0001, submitted under Topic Number N95-074, in accordance with Attachment Number 1, entitled “Statement of Work” and supplemented by Attachment 4, entitled “Statement of Work P00002”.
 3. The Contractor shall conduct the research effort under CLIN 0002, submitted under Topic Number N95-074, in accordance with Attachment Number 1, entitled “Statement of Work” and supplemented by Attachment 4, entitled “Statement of Work P00002”.

4. The Contractor shall conduct the research effort under CLIN 0003 in accordance with Attachment Number 4, entitled "Statement of Work P00002".
5. The Contractor shall conduct the research effort under CLIN 0004 in accordance with Attachment Number 4, entitled "Statement of Work P00002".

4) **SECTION F— DELIVERIES OR PERFORMANCE** Paragraph 1 is hereby revised to read as follows:

- a. The research effort to be performed under CLIN 0001 shall be conducted from contract award through 31 May 2008.
- b. The research effort to be performed under CLIN 0002 shall be conducted from contract award through 31 May 2008.
- c. The research effort to be performed under CLIN 0003 shall be conducted from contract award through 31 May 2008.
- d. The research effort to be performed under CLIN 0004 shall be conducted from contract award through 31 May 2008.

5) **SECTION G — CONTRACT ADMINISTRATION DATA**, paragraph 2(a), entitled "Procuring Office Representatives", is revised as follows:

"Contract Negotiator — Tracy M. Marcinowski (CACI), ONR 0254, (703) 696-6804, DSN 426-6804, E-mail Address: tracy.marcinowski@navy.mil

6) **SECTION I, CONTRACT CLAUSES** (August 29, 2005) is deleted and replaced with the following:

- a. Section I — Contract Clauses (July 27, 2007)

Cost-Plus-Fixed Fee (SBIR-STTR phase II/III) (July 27, 2007)

- * Applies when contract action exceeds \$10,000
- ** Applies when contract action exceeds \$100,000
- + Applies when contract action exceeds \$550,000
- ++ Applies when contract action exceeds \$550,000 and subcontracting possibilities exist. Small Business Exempt.
- x (DD 250)

All clauses in the Section (A) Tables are required clauses and are applicable, or are applicable at the specified thresholds as designated in accordance with the legend listed above.

(A) FAR 52.252-02 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address: <http://www.arnet.gov/far/>

I. FEDERAL ACQUISITION REGULATION (FAR) (48 CFR CHAPTER 1) CLAUSES:

**	FAR 52.202-1	Definitions (JUL 2004)
**	FAR 52.203-3	Gratuities (APR 1984)
**	FAR 52.203-5	Covenant Against Contingent Fees (APR 1984)
**	FAR 52.203-6	Restrictions on Subcontractor Sales to the Government (JUL 1995)
**	FAR 52.203-7	Anti-Kickback Procedures (JUL 1995)

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**	FAR 52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (JAN 1997)
**	FAR 52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (JAN 1997)
**	FAR 52.203-12	Limitation on Payments to Influence Certain Federal Transactions (SEP 2005)
**	FAR 52.204-4	Printing/Copying Double-Sided on Recycled Paper (AUG 2000)
	FAR 52.204-7	Central Contractor Registration (JUL 2006)
	FAR 52.211-15	Defense Priority and Allocation Requirements (SEP 1990)
**	FAR 52.215-2	Audit and Records — Negotiation (JUN 1999) and Alternate II (APR 1998) (Alternate II is only applicable with cost reimbursement contracts with State and local Governments, educational institutions, and other non-profit organizations.)
	FAR 52.215-8	Order of Precedence — Uniform Contract Format (OCT 1997)
+	FAR 52.215-10	Price Reduction for the Defective Cost or Pricing Data (OCT 1997) (The provisions of this Clause have been waived by a joint Determination and Findings for the prime contractor only. The clause is applicable to subcontracts over \$550,000.)
+	FAR 52.215-12	Subcontractor Cost or Pricing Data (OCT 1997) (Applicable to subcontracts over \$550,000 only)
**	FAR 52.215-14	Integrity of Unit Prices (OCT 1997) and Alternate I (OCT 1997) (Alternate I is applicable if the action is contracted under Other Than Full and Open Competition)
+	FAR 52.215-15	Pension Adjustments and Asset Reversions (OCT 2004)
	FAR 52.215-17	Waiver of Facilities Capital Cost of Money(OCT 1997)
+	FAR 52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other than Pensions (JUL 2005)
+	FAR 52.215-19	Notification of Ownership Changes (OCT 1997) (Applicable when Cost or Pricing Data is required)
	FAR 52.216-7	Allowable Cost and Payment (DEC 2002)
	FAR 52.216-8	Fixed Fee (MAR 1997)
**	FAR 52.219-4	Notice of Price Evaluation Preference for HUB zone Small Business Concerns (JUL 2005)
	FAR 52.219-6	Notice of Total Small Business Set-Aside (JUN 2003)
**	FAR 52.219-8	Utilization of Small Business Concerns (MAY 2004)
++	FAR 52.219-9	Small Business Subcontracting Plan (JUL 2005)
**	FAR 52.219-14	Limitations on Subcontracting (DEC 1996)
++	FAR 52.219-16	Liquidated Damages — Subcontracting Plan (JAN 1999)
*	FAR 52.219-28	Post-Award Small Business Program Representation (JUN 2007)
	FAR 52.222-1	Notice to the Government of Labor Disputes (FEB 1997)
**	FAR 52.222-2	Payment for Overtime Premiums (JUL 1990) (Note: The word “zero” is inserted in the blank space indicated by an asterisk)
	FAR 52.222-3	Convict Labor (JUN 2003) (Reserved when FAR 52.222-20 Walsh Healy Public Contracts Act is applicable)
**	FAR 52.222-4	Contract Work Hours and Safety Standards Act — Overtime Compensation (JUL 2005)
	FAR 52.222-21	Prohibition of Segregated Facilities (FEB 1999)
	FAR 52.222-26	Equal Opportunity (MAR 2007)
*	FAR 52.222-35	Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (SEP 2006)
*	FAR 52.222-36	Affirmative Action for Workers with Disabilities (JUN 1998)

*	FAR 52.222-37	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era , and Other Eligible Veterans (SEP 2006)
**	FAR 52.223-14	Toxic Chemical Release Reporting (AUG 2003)
	FAR 52.225-13	Restrictions on Certain Foreign Purchases (FEB 2006)
**	FAR 52.227-1	Authorization and Consent (JUL 1995) and Alternate I (APR 1984)
**	FAR 52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (AUG 1996)
	FAR 52.227-14	Rights in Data — General (Jun 1987)
	FAR 52.227-20	Rights in Data — SBIR Program (MAR 1994)
	FAR 52.228-7	Insurance Liability to Third Persons (MAR 1996) (Further to paragraph (a)(3), unless otherwise stated in this contract, types and limits of insurance required are as stated in FAR 28.307-2)
	FAR 52.232-9	Limitation on Withholding of Payments (APR 1984)
**	FAR 52.232-17	Interest (JUN 1996)
	FAR 52.232-23	Assignment of Claims (JAN 1986) and Alternate I (APR 1984)
	FAR 52.232-25	Prompt Payment (OCT 2003) and Alternate I (FEB 2002) (The words “the 30 th day” are inserted in lieu of “the 7 th day” at (a)(5)(i). [When Alternate I is applicable (a)(5)(i) does do not apply] [Use Alternate I when awarding a cost reimbursement contract for services])
	FAR 52.232-33	Payment by Electronic Funds Transfer — Central Contractor Registration (OCT 2003)
	FAR 52.233-1	Disputes (JULY 2002)
	FAR 52.233-3	Protest After Award (AUG 1996) and Alternate I (JUN 1985)
	FAR 52.242-1	Notice of Intent to Disallow Costs (APR 1984)
+	FAR 52.242-3	Penalties for Unallowable Costs (MAY 2001)
	FAR 52.242-4	Certification of Final Indirect Costs (JAN 1997)
**	FAR 52.242-13	Bankruptcy (JUL 1995)
	FAR 52.242-15	Stop Work Order (AUG 1989) and Alternate I (APR 1984)
	FAR 52.243-2	Changes — Cost-Reimbursement (Aug. 1987) and Alternate V (APR 1984)
	FAR 52.244-2	Subcontracts (MAY 2005) and Alternate I (JAN 2006)
**	FAR 52.244-5	Competition in Subcontracting (DEC 1996)
	FAR 52.244-6	Subcontracts for Commercial Items (FEB 2006)
	FAR 52.246-9	Inspection of Research and Development (Short Form) (Apr 1984)
	FAR 52.246-23	Limitation of Liability (FEB 1997)
**	FAR 52.247-64	Preference for Privately Owned U.S. Flag Commercial Vessels (FEB 2006)
	FAR 52.249-6	Termination (Cost-Reimbursement) (May 2004)
	FAR 52.249-14	Excusable Delays (APR 1984)
	FAR 52.251-1	Government Supply Sources (APR 1984)
	FAR 52.253-1	Computer Generated Forms (JAN 1991)

II. DEPARTMENT OF DEFENSE FAR SUPPLEMENTAL (DFARS) (48 CFR CHAPTER 2) CLAUSES:

**	DFARS 252.203-7001	Prohibition On Persons Convicted of Fraud or Other Defense-Contract-Related Felonies (DEC 2004)
	DFARS 252.204-7003	Control of Government Work Product (APR 1992)
	DFARS 252.204-7004	Alternate A (NOV 2003)

**	DFARS 252.209-7004	Subcontracting with Firms That Are Owned or Controlled by the Government of a Terrorist Country (MAR 1998)
+	DFARS 252.215-7000	Pricing Adjustments (DEC 1991)
	DFARS 252.215-7003	Excessive Pass-Through Charges (APR 2007)
++	DFARS 252.219-7003	Small, Small Disadvantaged and Women-owned Small Business Subcontracting Plan (DoD Contracts) (APR 2007)
	DFARS 252.225-7004	Reporting of Contract Performance Outside the United States and Canada-Submission After Award (JUN 2005)
**	DFARS 252.225-7012	Preference for Certain Domestic (JAN 2007)
	DFARS 252.225-7031	Secondary Arab Boycott of Israel (JUN 2005)
	DFARS 252.226-7001	Utilization of Indian Organizations and Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns (SEP 2004)
	DFARS 252.227-7016	Rights In Bid Or Proposal Information (JUN 1995)
	DFARS 252-227-7017	Identification And Assertion Of Use, Release, Or Disclosure Restrictions (JUN 1995)
	DFARS 252.227-7018	Rights In Noncommercial Technical Data And Computer Software-Small Business Innovation Research (SBIR) Program (JUN 1995)
	DFARS 252.227-7019	Validation Of Asserted Restrictions-Computer Software (JUN 1995)
	DFARS 252.227-7025	Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends (JUN 1995)
	DFARS 252.227-7028	Technical Data or Computer Software Previously Delivered to the Government (JUN 1995)
	DFARS 252.227-7030	Technical Data — Withholding of Payment (MAR 2000)
	DFARS 252.227-7037	Validation of Restrictive Markings on Technical Data (SEP 1999)
	DFARS 252.231-7000	Supplemental Cost Principles (DEC 1991)
	DFARS 252.232-7003	Electronic Submissions of Payment Requests (MAR 2007)
	DFARS 252.235-7002	Animal Welfare (DEC 1991)
	DFARS 252.235-7010	Acknowledgement of Support and Disclaimer (MAY 1995)
	DFARS 252.235-7011	Final Scientific or Technical Report (NOV 2004)
**	DFARS 252.243-7002	Requests for Equitable Adjustment (MAR 1998)
	DFARS 252.245-7001	Reports of Government Property (MAY 1994)
**	DFARS 252.247-7023	Transportation of Supplies by Sea (MAY 2002)
	DFARS 252.247-7024	Notification of Transportation of Supplies by Sea (MAR 2000) (Applicable when the Contractor has made a negative response to the inquiry in the representation at DFARS 252.247-7022.)
	DFARS 252.251-7000	Ordering from Government Supply Sources (NOV 2004)

(B) ADDITIONAL FAR AND DFARS CLAUSES

This contract incorporates one or more clauses by reference as indicated by the mark of (X), with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address:

<http://www.arnet.gov/far/>

FAR 52.204-2	Security Requirements (AUG 1996) (Applicable if contract will generate or require access to classified information and DD Form 254, Contract Security Classification Specification, is issued to the contractor)
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X	FAR 52.209-6	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (JAN 2005) (Applicable to contracts exceeding \$25,000 in value.)
X	FAR 52.215-16	Facilities Capital Cost of Money (Jun 2003) (Applicable in solicitations expected to result in contracts that are subject to the cost principles for contracts with commercial organizations)
X	FAR 52.215-17	Waiver of Facilities Capital Cost of Money (Use if FAR52.215-16 is not applicable)
X	FAR 52.215-21	Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data — Modifications (OCT 1997) (Applicable if cost or pricing data or information other than cost or pricing data will be required for modifications)
	FAR 52.217-9	Option to Extend the Term of the Contract (MAR 2000) (In paragraph (a), insert "period of time" and "number of days"; and in paragraph (c), insert "month and years") (Applicable if contract contains line item(s) for option(s))
	FAR 52.219-3	Notice of Total HUB Zone Set-Aside (JAN 1999)
	FAR 52.222-20	Walsh Healy Public Contracts Act (DEC 1996) (Applicable if the contract includes deliverable materials, supplies, articles or equipment in an amount that exceeds or may exceed \$10,000)
X	FAR 52.222-50	Combating Trafficking in Persons (APR 2006)(DEVIATION)(Universities and Non-Profit R&D entities exempted per ASN(RD&A) deviation of Jan 07)
X	FAR 52.223-5	Pollution Prevention and Right-to-Know Information (AUG 2003) (Applicable if contract provides for performance, in whole or in part, on a Federal facility)
X	FAR 52.223-6	Drug-Free Workplace (MAY 2001) (Applies when contract action exceeds \$100,000 or at any value when the contract is awarded to an individual)
	FAR 52.227-10	Filing of Patent Applications — Classified Subject Matter (APR 1984)
X	FAR 52.227-11	Patent Rights — Retention by the Contractor (Short Form) (Jun 1997)(Applicable if contractor is a small business or a non profit organization.
X	FAR 52.232-20	Limitation of Cost (APR 1984) (Applicable only when contract action is fully funded)
	FAR 52.232-22	Limitation of Funds (APR 1984) (Applicable only when contract action is incrementally funded)
	FAR 52.239-1	Privacy or Security Safeguards (AUG 1996) (Applicable to contracts for information technology which require security of information technology, and/or are for the design, development, or operation of a system of records using commercial information technology services or support services.)
X	FAR 52.245-1	Government Property (JUN 2007)
X	FAR 52.245-9	Uses and Charges (JUN 2007)
	FAR 52.246-08	Inspection of Research and Development — Cost Reimbursement (MAY 2001) (Use instead of FAR 52.246-09 (Inspection of Research and Development — Short Form) (APR 84) when the primary objective of the contract is the delivery of end items other than designs, drawings and reports.)

	DFARS 252.203-7002	Display of DoD Hotline Poster (DEC 1991) (Applicable only when contract action exceeds \$5 million or when any modification increases contract amount to more than \$5 million)
	DFARS 252.204-7000	Disclosure of Information (DEC 1991) (Applies when Contractor will have access to or generate unclassified information that may be sensitive and inappropriate for release to the public)
	DFARS 252.204-7005	Oral Attestation of Security Responsibilities (NOV 2001) (Applicable if FAR 52.204-2, Security Requirements Applies)
X	DFARS 252.205-7000	Provision of Information to Cooperative Agreement Holders (DEC 1991) (Applicable only when contract action exceeds \$1,000,000 or when any modification increases total contract amount to more than \$1,000,000)
	DFARS 252.211-7003	Item Identification and Valuation (JUN 2005) (Applicable if the contract includes deliverable items (1) with a unit cost of \$5000 or more or (2) that will be serially managed or controlled inventory.)
X	DFARS 252.215-7002	Cost Estimating System requirements (OCT 1998) (Applicable only to contract actions awarded on the basis of certified cost or pricing data)
	DFARS 252.223-7004	Drug-Free Work Force (SEP 1988) (Applicable (a) if contract involves access to classified information: or (b) when the Contracting Officer determines that the clause is necessary for reasons of national security or for the purpose of protecting the health or safety of performance of the contract.
X	DFARS 252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials (APR 1993) (Applicable if work requires, may require, or permits contractor performance on a DoD installation)
	DFARS 252.225-7001	Buy American Act and Balance of Payments Program (JUN 2005) (Applicable if the contract includes deliverable supplies) (This clause does not apply if an exception to the Buy American Act or Balance of Payments Program is known or if using the clause at 252.225-7007, 252.225-7021, or 252.225-7036.)
	DFARS 252.225-7002	Qualifying Country Sources as Subcontractors (APR 2003) (Applicable when clause at DFARS 252.225-7001, 252.227-7007, 252.227-7021, or 252.227-7036 applies)
	DFARS 252.225-7016	Restriction On Acquisition Of Ball And Roller Bearings (MAR 2006) (Applicable if contract includes deliverable supplies, unless Contracting Officer knows that items being acquired do not contain ball or roller bearings)
X	DFARS 252.227-7018	Rights in Noncommercial Technical Data and Computer Software — Small Business Innovation Research (SBIR) Program (JUN 1995) (Also applies to STTR programs)
	DFARS 252.227-7025	Limitations On The Use Or Disclosure Of Government-Furnished Information Marked With Restrictive Legends (JUN 1995) (Applicable when the Government will provide the contractor, for the performance of its contract, technical data, including software marked with another contractor's restrictive legend(s))

X	DFARS 252.227-7034	Patents—Subcontracts (APR 1984) [Applicable to contracts containing FAR 52.227-11, Patent Rights—Retention by the Contractor (Short Form)]
X	DFARS 252.227-7039	Patents—Reporting Of Subject Inventions (APR 1990) [Applicable to contracts containing FAR 52.227-11, Patent Rights—Retention by the Contractor (Short Form)]
X	DFARS 252.235-7010	Acknowledgement of Support and Disclaimer (MAY 1995)
X	DFARS 252.246-7000	Material Inspection and Receiving Report (MAR 2003)

7) **SECTION J—List of Attachments** is hereby revised as follows:

a. Paragraph 1 is hereby deleted in its entirety and replaced as follows:

1. Exhibit A entitled “Contract Data Requirements List” (DD Form 1423) — 15 pages with Enclosure Number 1, entitled “Contract Data Requirements List—Instructions for Distribution.”
2. CDRLs A005 through A009 have been completed and are no longer necessary and are hereby incorporated for informational purposes only.

b. 5. Attachment Number 4, entitled, “Statement of Work-P00002” — 2 pages is incorporated into the contract.

8) **SECTION K—REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS** is hereby revised as follows:

1. The Contractor’s ORCA validation dated from: 2 Mar 07 to: 2 Mar 08 is hereby incorporated into this contract by reference. The DFARS and Contract Specific Representations and Certifications, dated 17 September 2007 are hereby incorporated by reference.

9) This modification increases the Estimated Cost of the contract by \$1,279,597, the Fixed Fee by \$41,898, and the Total Estimated Cost & Fixed Fee by \$1,321,495. The total funded amount available on this contract is \$4,120,900. All other terms and conditions remain unchanged.

Statement of Work (SoW) for Contract N00014-05-C-0384
Modification P00002
September 19, 2007

CLIN 0001 (Cost Growth Clarifications to Attachment 1)

Task B3-T4.2c. System Procurement and Fabrication: Low-Voltage cable and terminations

OPT will design, procure and build a pod cable management system for the low-voltage (LV) cable section to provide an improved reliability cable, penetrator, connector assembly for one buoys. This effort is supplemental to the work in that contract work statement.

Task B3-T6.0 Program and Technical Management.

OPT will provide program and technical management through the ocean test period and close-out of the contract. The OPT technical manager will provide the overall technical direction for this effort in coordination with the program manager. OPT will provide reports in accordance with the Contract Data Requirements List (CDRL) Items.

Task B3-T7.1 Repair of the FITA sub-sea fiber optic and power connector.

OPT will contract with the Field Installable and Testable Assembly (FITA) manufacturer to provide field support and repair to the sub-sea cable termination.

CLIN 0002

Task B3-T4.2b. System Procurement and Fabrication: Data Collection and Control Equipment Expansion.

OPT will expand the capability of the data collection and control equipment in the MCBH bunker to enhance reliability of data collection, monitoring and remote operation. OPT will also develop and implement software to expand the data collection database to allow one year's worth of data to be collected and stored.

Task B3-T4.2d. System Procurement and Fabrication: Advanced Mooring Monitor

OPT will procure and install a mooring monitor that provides improved, time response, automated responses to an out-of-watch-circle condition.

Task B3-T5.1b. Monitoring, Data Collection and Analysis for Buoy 3

OPT will support monitoring, data collection and analysis support for Buoy 3 for the second four month period of deployment known as Period 2. Data from Buoy 3 will be collected and entered into OPT's operational database. Many parameters will be monitored electronically from sensors located throughout the PowerBuoy via the data acquisition system. Data will also be obtained from routine visual inspections of the buoys and mooring components to check for corrosion, marine growth and wear. In addition, data from other sensing devices such as the Acoustic Doppler Current Profiler (ADCP) or other independent wave characteristics monitoring device will be collected.

Task B3-T5.2b. Inspection, Maintenance and Minor Repairs for Buoy 3.

OPT will inspect, maintain & provide minor repairs for Buoy 3 for the second four month period of deployment known as Period 2.

A minor repair is one that at most requires a small vessel with two scuba divers and an engineer for a repair accessible near the buoy's mast or a land-based equipment replacement. Typical minor repair items may include replacement of the RF antenna or GPS, hydraulic rod joint connection, radar reflector, or navaid light.

OPT will contract as required with an experienced offshore contractor to make routine visual inspections of the buoys, cabling and anchor components to check for corrosion, marine growth and wear, and perform minor repairs or maintenance on the sea-based equipment.

Task B3-T6.0 Program and Technical Management.

OPT will provide program and technical management through the ocean test period and close-out of the contract. The OPT technical manager will provide the overall technical direction for this effort in coordination with the program manager. OPT will provide reports in accordance with the Contract Data Requirements List (CDRL) Items.

CLIN 0003

Task B3-T4.2a. System Procurement and Fabrication: Data Collection and Control Back-up Equipment.

OPT will provide system back-up capability for the data collection and control equipment in the MCBH bunker for system monitoring and to ensure buoy data integrity. Upon direction from the Program Officer, OPT will procure and install the following equipment:

- Back up power — Uninterruptible Power Supply (UPS)
- Back up tape drive — for storage of data
- Cabinet for equipment mounting
- Antenna and RF Radio Back up
- System restore switch

CLIN 0004

Task B3-T7.0 Authorized Maintenance/Repairs.

OPT will provide the Navy with engineering and technical services and supplies, as required for authorized maintenance or repair work beyond that covered by other funded tasks. These tasks will be directed by individual Technical Direction letters issued by a designee of the Navy Contracting Officer, either the ONR Program Officer or the NFESC Technical Manager so that timely support of buoy operations will be provided as a result of an unscheduled event.

Exhibit A, "Contract Data Requirements List" (DD Form 1423)

CONTRACT DATA REQUIREMENTS LIST				Form Approved OMB No. 0704-0188			
Public reporting burden for this collection of information is estimated to average 440 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget Paperwork Reduction Project (0704-0188), Washington, DC 20503.							
A. CONTRACT LINE ITEM NO 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>			
D. SYSTEM ITEM: Wave Energy Technology Program			E. CONTRACT PR NO N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.		
1. DATA ITEM NO A001	2. TITLE OF DATA ITEM Progress Report		3. SUBTITLE Administrative Progress Report				
4. AUTHORITY (Data Acquisition Document No.) Contractor Format		5. CONTRACT REFERENCE SOW Task 7		6. REQUIRING OFFICE ONR 331			
7. DD 250 REQ LT	9. DIST STATEMENT REQUIRED D	10. FREQUENCY MONTHLY	12. DATE OF FIRST SUBMISSION 28 DAC. See BLK 16	14. DISTRIBUTION			
8. APP CODE	11. AS OF DATE See Data Item A015	13. DATE OF SUBSEQUENT SUBMISSION 15 th of each month. See BLK 16	b. COPIES				
16. REMARKS The first Administrative Progress Report shall be delivered 28 days after award of the contract. Subsequent monthly submittals shall be delivered on the 15 th of each month for the previous month's activities. The first page shall indicate: <ul style="list-style-type: none"> ◆ the title. ◆ the contractor's name and address. ◆ the contract number and CDRL number. ◆ the date of the report, and the period covered by the report. 			ADDRESSSEE	Draft	Final		
			Admin Contracting Officer (ACO)	LT	REQ	REPRO	
			ONR 331	1	1		
			NFESC 51	1	1		
15. TOTAL			0	2	2		
Each report shall summarize the following information for the previous month's reporting period: <ul style="list-style-type: none"> ◆ Actual versus planned resource expenditures, in tabular form. ◆ Actual versus planned deliverables, showing due and completion dates. ◆ Resolution of previous problem areas reported on the previous report. ◆ Any technical, schedule, or cost problems encountered or expected. 							
If any problems are reported, then the report shall also include the following information: <ul style="list-style-type: none"> ◆ Description of problem(s) ◆ Recommended action(s) ◆ Resulting impact on contract (if any) 							
G. PREPARED BY		H. DATE	I. APPROVED BY P. Furman		J. DATE 17 May 2006		

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A. CONTRACT LINE ITEM NO. 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>			
D. SYSTEM ITEM Wave Energy Technology Program			E. CONTRACT PR NO. N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.		
1. DATA ITEM NO. A002	2. TITLE OF DATA ITEM Meeting Agenda		3. SUBTITLE				
4. AUTHORITY (Data Acquisition Document No.) Contractor Format		5. CONTRACT REFERENCE SOW Task 7		6. REQUIRING OFFICE ONR 331			
7. DD 250 REQ LT	9. DIST STATEMENT REQUIRED D See Data Item A015	10. FREQUENCY ASREQ	12. DATE OF FIRST SUBMISSION See BLK 16	14. DISTRIBUTION			
8. APP CODE		11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION See BLK 16	b. COPIES			
16. REMARKS The Contractor shall prepare and deliver a Draft Meeting Agenda to the Government at least 10 working days prior to each Review Meeting. The agenda shall be prepared in Contractor format and shall indicate each topic proposed for discussion as well as the time allocated for each topic. Government comments will be returned to the contractor 5 working days prior to the meeting. The contractor shall incorporate the government comments and present a Final Agenda at the beginning of each meeting.				ADDRESSSEE			
				Draft		Final	
				REQ		REPRO	
				ACO		LT	
				ONR 331		1 1 1	
NFESC 51		1 1 1					
				15. TOTAL			
				2 2 2			
G. PREPARED BY		H. DATE	I. APPROVED BY P. Fiuman		J. DATE 17 May 2006		

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A. CONTRACT LINE ITEM NO 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> DSJ <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>					
D. SYSTEM ITEM Wave Energy Technology Program			E. CONTRACT PR NO N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.				
1. DATA ITEM NO. A003	2. TITLE OF DATA ITEM Meeting Minutes			3. SUBTITLE					
4. AUTHORITY (Data Acquisition Document No.) Contractor Format		5. CONTRACT REFERENCE SOW Task 7		6. REQUIRING OFFICE ONR 331					
7. DD 250 REQ LT	9. DIST STATEMENT REQUIRED D See Data Item A015	10. FREQUENCY ASREQ	12. DATE OF FIRST SUBMISSION 7 days after meeting	14. DISTRIBUTION					
8. APP CODE	11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION See BLK 16		b. COPIES					
16. REMARKS Meeting Minutes shall be submitted in Contractor format within 7 days after each Review Meeting. The first page shall indicate: <ul style="list-style-type: none"> ◆ the title, ◆ the contractor's name and address, ◆ the contract number and CDRL number, ◆ the date of the meeting, and the location. Meeting Minutes shall summarize all topics discussed and shall include resolution of any technical issues. The Minutes shall include an appendix presenting a list of Action Items, person or organization responsible for completing the task as well as the agreed completion date. The Minutes shall include a list of attendees by name, rank or position, activity, and phone number				ADDRESSEE		Draft	Final		
				ACO			LT		
				ONR 331			1		1
				NFESC 51			1		1
				15 TOTAL			0	2	2
G. PREPARED BY		H. DATE		I. APPROVED BY P. Furman		J. DATE 17 May 2006			

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A. CONTRACT LINE ITEM NO 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TN <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>																					
D. SYSTEM ITEM Wave Energy Technology Program			E. CONTRACT PR NO N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.																				
1. DATA ITEM NO A004		2. TITLE OF DATA ITEM Presentation Material		3. SUBTITLE																					
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 7		6. REQUIRING OFFICE ONR 331																				
7. DD 250 REQ LT	9. DIST STATEMENT REQUIRED D	10. FREQUENCY ASREQ	12. DATE OF FIRST SUBMISSION See BLK 16	14. DISTRIBUTION																					
8. APP CODE See Data Item A015		11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION See BLK 16	<table border="1"> <thead> <tr> <th rowspan="2">ADDRESSEE</th> <th colspan="2">b. COPIES</th> </tr> <tr> <th>Draft</th> <th>Final</th> </tr> <tr> <td></td> <td>REQ</td> <td>REPRO</td> </tr> </thead> <tbody> <tr> <td>ACO</td> <td></td> <td>LT</td> </tr> <tr> <td>ONR 331</td> <td>1</td> <td>1</td> </tr> <tr> <td>NFESC 51</td> <td>1</td> <td>1</td> </tr> <tr> <td>15. TOTAL</td> <td>0</td> <td>2</td> </tr> </tbody> </table>		ADDRESSEE	b. COPIES		Draft	Final		REQ	REPRO	ACO		LT	ONR 331	1	1	NFESC 51	1	1	15. TOTAL	0	2
ADDRESSEE	b. COPIES																								
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	REQ	REPRO																							
ACO		LT																							
ONR 331	1	1																							
NFESC 51	1	1																							
15. TOTAL	0	2																							
10. REMARKS The Contractor shall provide a set of all audio-visual material used during each Review Meeting at the conclusion of the presentation. All copies of this Contract Deliverable shall be provided in electronic format. Electronic (reproducible) copies of audio-visual material shall be compatible with Microsoft PowerPoint 2000. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS-Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government.																									
G. PREPARED BY		H. DATE		I. APPROVED BY P. Furman																					
				J. DATE 17 May 2006																					

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A. CONTRACT LINE ITEM NO. 0091 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>			
D. SYSTEM ITEM Wave Energy Technology Program			E. CONTRACT PR NO. N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.		
1. DATA ITEM NO. A005		2. TITLE OF DATA ITEM Technical Report		3. SUBTITLE Analysis & Design Approach Report			
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 1.0 & 7.0		6. REQUIRING OFFICE ONR 331		
7. DD 250 REQ DD	9. DIST STATEMENT REQUIRED D	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 30 days after CDRM See BLK 16	14. DISTRIBUTION			
8. APP CODE	See Data Item A015	11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC	ADDRESSEE		b. COPIES	
						Draft	
						Final	
						REQ	
						REPRO	
16. REMARKS BLK 12: The first submission of the report shall be a draft of the Technical Report. Government comments on the draft report will be returned to the Contractor 14 days prior to the required submission of the Final Technical Report (see BLK 13) BLK 13: The second submission of the Technical Report shall be a final version that incorporates comments from the Government review of the draft report.				ACO		LT DD	
				ONR 331		1 1 1	
				NFESC 51		1 1 1	
				15. TOTAL		2 2 2	
As a minimum, this report shall summarize numerical and physical modeling requirements, technical approach, and preliminary schedules associated with all technical efforts as part of this contract. The Final Report shall compile all of the design criteria, assumptions, calculations performed, issues, and resolutions addressed during performance of the contract. All calculations shall be presented in a clear and logical order. The calculation sheets shall be fully annotated in such a manner that government design quality assurance engineers can independently review the assumptions, method and calculations. Each calculation sheet shall include: project title, task title, date, engineer's name, and page number. With each submittal, calculations covering the work performed shall be included. The contractor shall also deliver electronic data file(s) of any simulation model calculations or results.							
The first page shall indicate:							
<ul style="list-style-type: none"> ◆ the title. ◆ the contractor's name and address. ◆ the contract number and CDRL number. ◆ the date of the report, and the period covered by the report. 							
All copies of this Contract Deliverable shall be provided in electronic format. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS-Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government.							
CDRM – Concept Design Review Meeting DARC – Calendar days after receipt of comments (from Government)							
G. PREPARED BY			H. DATE		L. APPROVED BY P. Furman		J. DATE 17 May 2006

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A. CONTRACT LINE ITEM NO. 0091 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>																					
D. SYSTEM ITEM Wave Energy Technology Program			E. CONTRACT PR. NO. N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.																				
1. DATA ITEM NO. A005		2. TITLE OF DATA ITEM Technical Report		3. SUBTITLE Analysis & Design Approach Report																					
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 1.0 & 7.0		6. REQUIRING OFFICE ONR 331																				
7. DD 250 REQ DD	9. DIST STATEMENT REQUIRED D	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 30 days after CDRM See BLK 16	14. DISTRIBUTION																					
8. APP CODE	See Data Item A015	11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC	<table border="1"> <thead> <tr> <th rowspan="2">ADDRESSEE</th> <th colspan="2">b. COPIES</th> </tr> <tr> <th>Draft</th> <th>Final</th> </tr> <tr> <td></td> <td>REQ</td> <td>REPRO</td> </tr> </thead> <tbody> <tr> <td>ACO</td> <td>LT</td> <td>DD</td> </tr> <tr> <td>ONR 331</td> <td>1</td> <td>1 1</td> </tr> <tr> <td>NFESC 51</td> <td>1</td> <td>1 1</td> </tr> <tr> <td>15. TOTAL</td> <td>2</td> <td>2 2</td> </tr> </tbody> </table>		ADDRESSEE	b. COPIES		Draft	Final		REQ	REPRO	ACO	LT	DD	ONR 331	1	1 1	NFESC 51	1	1 1	15. TOTAL	2	2 2
ADDRESSEE	b. COPIES																								
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	REQ	REPRO																							
ACO	LT	DD																							
ONR 331	1	1 1																							
NFESC 51	1	1 1																							
15. TOTAL	2	2 2																							
<p>16. REMARKS</p> <p>BLK 12: The first submission of the report shall be a draft of the Technical Report. Government comments on the draft report will be returned to the Contractor 14 days prior to the required submission of the Final Technical Report (see BLK 13)</p> <p>BLK 13: The second submission of the Technical Report shall be a final version that incorporates comments from the Government review of the draft report.</p> <p>As a minimum, this report shall summarize numerical and physical modeling requirements, technical approach, and preliminary schedules associated with all technical efforts as part of this contract. The Final Report shall compile all of the design criteria, assumptions, calculations performed, issues, and resolutions addressed during performance of the contract. All calculations shall be presented in a clear and logical order. The calculation sheets shall be fully annotated in such a manner that government design quality assurance engineers can independently review the assumptions, method and calculations. Each calculation sheet shall include: project title, task title, date, engineer's name, and page number. With each submittal, calculations covering the work performed shall be included. The contractor shall also deliver electronic data file(s) of any simulation model calculations or results.</p> <p>The first page shall indicate:</p> <ul style="list-style-type: none"> ◆ the title. ◆ the contractor's name and address. ◆ the contract number and CDRL number. ◆ the date of the report, and the period covered by the report. <p>All copies of this Contract Deliverable shall be provided in electronic format. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS-Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government.</p> <p>CDRM – Concept Design Review Meeting DARC – Calendar days after receipt of comments (from Government)</p>																									
G. PREPARED BY		H. DATE		L. APPROVED BY P. Furman																					
				J. DATE 17 May 2006																					

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A. CONTRACT LINE ITEM NO 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>	
D. SYSTEM IEM: Wave Energy Technology Program			E. CONTRACT PR. NO N00014-05-C-0384		F. CONTRACTOR Oceann Power Technologies, Inc.
1. DATA ITEM NO A007	2. TITLE OF DATA ITEM Technical Report		3. SUBTITLE Scale Model Test Plan		6. REQUIRING OFFICE ONR 331
4. AUTHORITY (Data Acquisition Document No.)		5. CONTRACT REFERENCE SOW Task 1.0 & 7.0			
7. DD 250 REQ DD	9. DIST STATEMENT REQUIRED D See Data Item A015	10. FREQUENCY ONE/R	11. AS OF DATE	12. DATE OF FIRST SUBMISSION 7 days prior to scale model wave tank test- See BLK 16	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC - See BLK 16
8. APP CODE	14. DISTRIBUTION	15. TOTAL	16. REMARKS	17. COPIES	
	ADDRESSEE	Draft	Final	REQ	REPRO
	ACO	LT	DD		
	ONR 331	1	1	1	
	NFESC 51	1	1	1	
	15 TOTAL	2	2	2	
<p>This report will describe test article(s), expected results, test conditions and instrumentation. The Final Report shall compile all of the design criteria, assumptions, calculations performed, issues, and resolutions addressed during performance of the contract. All calculations shall be presented in a clear and logical order. The calculation sheets shall be fully annotated in such a manner that government design quality assurance engineers can independently review the assumptions, method and calculations. Each calculation sheet shall include: project title, task title, date, engineer's name, and page number. With each submittal, calculations covering the work performed shall be included. The contractor shall also deliver electronic data file(s) of any simulation model calculations or results.</p> <p>The first page shall indicate:</p> <ul style="list-style-type: none"> ◆ the title. ◆ the contractor's name and address. ◆ the contract number and CDRL number. ◆ the date of the report, and the period covered by the report. <p>All copies of this Contract Deliverable shall be provided in electronic format. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS-Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government.</p> <p>DARC - Calendar days after receipt of comments (from Government)</p>					
G. PREPARED BY		H. DATE		I. APPROVED BY P. Furman	
				J. DATE 17 May 2006	

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A. CONTRACT LINE ITEM NO. 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>					
D. SYSTEM ITEM Wave Energy Technology Program				E. CONTRACT PR. NO. N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.			
1. DATA ITEM NO. A008		2. TITLE OF DATA ITEM Technical Report		3. SUBTITLE Scale Model Validation Report					
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 1.0 & 7.0		6. REQUIRING OFFICE ONR 331				
7. DD 250 REQ DD		9. DIST STATEMENT REQUIRED D	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 60 days following scale model wave tank test - See BLK 16		14. DISTRIBUTION			
8. APP CODE		11. AS OF DATE See Data Item A015	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC - See BLK 16	ADDRESSSEE		b. COPIES			
16. REMARKS BLK 12: The first submission of the report shall be a draft of the Technical Report. Government comments on the draft report will be returned to the Contractor 14 days prior to the required submission of the Final Technical Report (see BLK 13) BLK 13: The second submission of the Technical Report shall be a final version that incorporates comments from the Government review of the draft report.				Draft		Final			
				REQ		REPRO			
				ACO		LT	DD		
				ONR 331		1	1	1	
				NFESC 51		1	1	1	
15. TOTAL				2		2			
<p>This document will compare numerical and test responses, including associated recommendations relative to additional data collection and/or the numerical model with respect to the buoy structure and mooring systems. The Final Report shall compile all of the design criteria, assumptions, calculations performed, issues, and resolutions addressed during performance of the contract. All calculations shall be presented in a clear and logical order. The calculation sheets shall be fully annotated in such a manner that government design quality assurance engineers can independently review the assumptions, method and calculations. Each calculation sheet shall include: project title, task title, date, engineer's name, and page number. With each submittal, calculations covering the work performed shall be included. The contractor shall also deliver electronic data file(s) of any simulation model calculations or results.</p> <p>The first page shall indicate:</p> <ul style="list-style-type: none"> ◆ the title. ◆ the contractor's name and address. ◆ the contract number and CDRL number. ◆ the date of the report, and the period covered by the report. <p>All copies of this Contract Deliverable shall be provided in electronic format. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS-Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government.</p> <p>DARC - Calendar days after receipt of comments (from Government)</p>									
G. PREPARED BY			H. DATE		L. APPROVED BY P. Furnan		J. DATE 17 May 2006		

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A. CONTRACT LINE ITEM NO. 0601 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>						
D. SYSTEM ITEM Wave Energy Technology Program				E. CONTRACT PR. NO. N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.				
1. DATA ITEM NO. A009		2. TITLE OF DATA ITEM Technical Report			3. SUBTITLE Buoy Preliminary Design Report					
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 2.0 & 7.0		6. REQUIRING OFFICE ONR 331					
7. DD 250 REQ DD		9. DIST STATEMENT REQUIRED D See Data Item A015	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 14 DPPDR - See BLK 16		14. DISTRIBUTION				
8. APP CODE		11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC - See BLK 16		ADDRESSSEE					
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					ACO		LT	DD	REQ	REPRO
					ONR 331		1	1	1	
					NFESC 51		1	1	1	
					15 TOTAL		2	2	2	
This report will contain preliminary designs for all major components- buoy structure, hydraulic and electrical subsystems, data collection, control, instrumentation and mooring components. The report will outline installation, repair, and recovery scenarios and risk analyses. The Final Report shall compile all of the design criteria, assumptions, calculations performed, issues, and resolutions addressed during performance of the contract. All calculations shall be presented in a clear and logical order. The calculation sheets shall be fully annotated in such a manner that government design quality assurance engineers can independently review the assumptions, method and calculations. Each calculation sheet shall include: project title, task title, date, engineer's name, and page number. With each submittal, calculations covering the work performed shall be included. The contractor shall also deliver electronic data file(s) of any simulation model calculations or results.										
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DPPDR - Calendar days prior to Preliminary Design Review (PDR) DARC - Calendar days after receipt of comments (from Government)										
G. PREPARED BY			H. DATE		I. APPROVED BY P. Furman		J. DATE 17 May 2006			

CONTRACT DATA REQUIREMENTS LIST					Form Approved OMB No. 0704-0188		
Public reporting burden for this collection of information is estimated to average 440 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget Paperwork Reduction Project (0704-0188), Washington, DC 20503.							
A. CONTRACT LINE ITEM NO. 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>			
D. SYSTEM ITEM Wave Energy Technology Program				E. CONTRACT PR. NO. N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.	
1. DATA ITEM NO. A010	2. TITLE OF DATA ITEM Design Drawings			3. SUBTITLE Buoy Final Design Review Report			
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 3.0 & 7.0		6. REQUIRING OFFICE ONR 331		
7. DD 250 REQ DD	9. DIST STATEMENT REQUIRED D See Data Item A015	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 14 DPCDR - See BLK 16		14. DISTRIBUTION		
8. APP CODE	11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC - See BLK 16		ADDRESSSEE	b. COPIES		
					Draft	Final	
					REQ	REPRO	
16. REMARKS BLK 12: The first submission of the Design Drawings shall be a draft of the drawings. Government comments on the draft drawings will be returned to the Contractor 14 days prior to the required submission of the Final Design Drawings (see BLK 13). If the Government does not provide comments within the timeframe set forth in the CDRL Item, the report will be deemed to be accepted by the Government. BLK 13: The second submission of the Design Drawings shall be a final version that incorporates comments from the Government review of the draft drawings.				ACO	LT	DD	
				ONR 331	1	1	1
				NFESC 51	1	1	1
				15 TOTAL	2	2	2
This report will contain final design information for all system components. Final drawings shall be prepared in sufficient detail and presented in such a form that they could be used by an independent reviewer to support the conclusions and assessment of feasibility presented in the Final Design Report. Drawings and specifications shall be coordinated. The terminology used in specifications and drawings shall be identical. All drawings shall be delivered in electronic form and shall be compatible with either .dxf or .pdf file formats. Electronic files shall be delivered on a medium compatible with a CD ROM or DVD. The electronic drawing files shall be scaled such that when printed they produce size F, 28 x 40 inch full size design drawings.							
DPFDR - Calendar days prior to Final Design Review (FDR) DARC - Calendar days after receipt of comments (from Government)							
G. PREPARED BY			H. DATE		I. APPROVED BY P. Furrman		
					J. DATE 17 May 2006		

CONTRACT DATA REQUIREMENTS LIST						Form Approved OMB No 0704-0188		
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A. CONTRACT LINE ITEM NO. 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TC <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>				
D. SYSTEM ITEM Wave Energy Technology Program				E. CONTRACT PR NO. N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.		
1. DATA ITEM NO. A011		2. TITLE OF DATA ITEM Technical Report			3. SUBTITLE Full Scale Test Plan			
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 7.0 & 4.0		6. REQUIRING OFFICE ONR 331			
7. DD FORM REQ DD	9. DIST STATEMENT REQUIRED D See Data Item A013	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 30 DPTRR - See BLK 16	14. DISTRIBUTION				
8. APP CODE	11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION 14 DATRR - See BLK 16		ADDRESSEE		b. COPIES		
16. REMARKS BLK 12: The first submission of the report shall be a draft of the Technical Report. Government comments on the draft report will be returned to the Contractor 14 days prior to the required submission of the Final Technical Report (see BLK 13) If the Government does not provide comments within the timeframe set forth in the CDRL Item, the report will be deemed to be accepted by the Government. BLK 13: The second submission of the Technical Report shall be a final version that incorporates comments from the Government review of the draft report.				ACO		LT	DD	
				ONR 331		1	1	1
				NFESC 51		1	1	1
				15. TOTAL		2	2	2
<p>This plan will describe procedures, and personnel responsibilities associated with buoy and mooring deployment, electrical and control system implementation and commissioning, start-up phases, system operation and maintenance. It will include all parameters to be monitored while the system is deployed- sea-state conditions, buoy motion, hydrodynamic performance, and power system performance. The Final Report shall compile all of the design criteria, assumptions, calculations performed, issues, and resolutions addressed during performance of the contract. All calculations shall be presented in a clear and logical order. The calculation sheets shall be fully annotated in such a manner that government design quality assurance engineers can independently review the assumptions, method and calculations. Each calculation sheet shall include: project title, task title, date, engineer's name, and page number. With each submittal, calculations covering the work performed shall be included. The contractor shall also deliver electronic data file(s) of any simulation model calculations or results.</p> <p>The first page shall indicate:</p> <ul style="list-style-type: none"> ◆ the title, ◆ the contractor's name and address, ◆ the contract number and CDRL number, ◆ the date of the report, and the period covered by the report. <p>All copies of this Contract Deliverable shall be provided in electronic format. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS-Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government.</p> <p>DPTRR - Days prior to Test Readiness Review DATRR - Days after Test Readiness Review</p>								
G. PREPARED BY			H. DATE	L. APPROVED BY P. Furrman		J. DATE 17 May 2006		

CONTRACT DATA REQUIREMENTS LIST						Form Approved OMB No 0704-0188		
Public reporting burden for this collection of information is estimated to average 440 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget Paperwork Reduction Project (0704-0188), Washington, DC 20503.								
A CONTRACT LINE ITEM NO 0001.0002		B EXHIBIT A		C CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>				
D. SYSTEM ITEM Wave Energy Technology Program			E. CONTRACT PR NO N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.			
1. DATA ITEM NO. A012		2. TITLE OF DATA ITEM Technical Report			3. SUBTITLE Full Scale Data Analysis Report			
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 5.0 & 7.0		6. REQUIRING OFFICE ONR 331			
7. DD 250 REQ DD	9. DIST STATEMENT REQUIRED D See Data Item A015	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 30 DAOD - See BLK 16	14. DISTRIBUTION				
8. APP CODE	11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC - See BLK 16	ADDRESSEE		b. COPIES			
					Draft	Final		
						REQ	REPRO	
16. REMARKS BLK 12: The first submission of the report shall be a draft of the Technical Report. Government comments on the draft report will be returned to the Contractor 14 days prior to the required submission of the Final Technical Report (see BLK 13). If the Government does not provide comments within the timeframe set forth in the CDRL Item, the report will be deemed to be accepted by the Government. BLK 13: The second submission of the Technical Report shall be a final version that incorporates comments from the Government review of the draft report.				ACO		LT	DD	
				ONR 331		1	1	1
				NFESC 51		1	1	1
				15. TOTAL		2	2	2
This report will compare model performance predictions with full-scale test data sets. The Final Report shall compile all of the design criteria, assumptions, calculations performed, issues, and resolutions addressed during performance of the contract. All calculations shall be presented in a clear and logical order. The calculation sheets shall be fully annotated in such a manner that government design quality assurance engineers can independently review the assumptions, method and calculations. Each calculation sheet shall include: project title, task title, date, engineer's name, and page number. With each submittal, calculations covering the work performed shall be included. The contractor shall also deliver electronic data file(s) of any simulation model calculations or results.								
The first page shall indicate: <ul style="list-style-type: none"> ◆ the title, ◆ the contractor's name and address, ◆ the contract number and CDRL number, ◆ the date of the report, and the period covered by the report. 								
All copies of this Contract Deliverable shall be provided in electronic format. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS-Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government.								
DAOD - Days after Operational Data DARC - Calendar days after receipt of comments (from Government)								
G. PREPARED BY			H. DATE		L. APPROVED BY P. Furman		J. DATE 17 May 2006	

CONTRACT DATA REQUIREMENTS LIST					Form Approved OS(B) No. 0704-0188			
Public reporting burden for this collection of information is estimated to average 440 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget Paperwork Reduction Project (0704-0188), Washington, DC 20503.								
A. CONTRACT LINE ITEM NO. 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>				
D. SYSTEM ITEM Wave Energy Technology Program				E. CONTRACT PR. NO. N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.		
1. DATA ITEM NO. A013		2. TITLE OF DATA ITEM Technical Report			3. SUBTITLE WET Summary Report			
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 5.0 & 7.0		6. REQUIRING OFFICE ONR 331			
7. DD FORM REQ DD		9. DIST STATEMENT REQUIRED D	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 30 DAPOP - See BLK 16	14. DISTRIBUTION			
8. APP CODE See Data Item A015		11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC - See BLK 16	a. ADDRESSEE		b. COPIES		
16. REMARKS BLK 12: The first submission of the report shall be a draft of the Technical Report. Government comments on the draft report will be returned to the Contractor 14 days prior to the required submission of the Final Technical Report (see BLK 13). If the Government does not provide comments within the timeframe set forth in the CDRL Item, the report will be deemed to be accepted by the Government. BLK 13: The second submission of the Technical Report shall be a final version that incorporates comments from the Government review of the draft report. This report will summarize the technical efforts associated with system design, testing, and operation, including results of at-sea mechanical, electrical, and hydrodynamic performance. The Final Report shall compile all of the design criteria, assumptions, calculations performed, issues, and resolutions addressed during performance of the contract. All calculations shall be presented in a clear and logical order. The calculation sheets shall be fully annotated in such a manner that government design quality assurance engineers can independently review the assumptions, method and calculations. Each calculation sheet shall include: project title, task title, date, engineer's name, and page number. With each submittal, calculations covering the work performed shall be included. The contractor shall also deliver electronic data file(s) of any simulation model calculations or results. The first page shall indicate: <ul style="list-style-type: none"> ◆ the title, ◆ the contractor's name and address, ◆ the contract number and CDRL number, ◆ the date of the report, and the period covered by the report. All copies of this Contract Deliverable shall be provided in electronic format. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS-Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government. DAPOP - Days after Period of Performance DARC - Calendar days after receipt of comments (from Government)				ACO		LT	DD	
				ONR 351		1	1	1
				NFESC 51		1	1	1
				15 TOTAL		2	2	2
				G. PREPARED BY		H. DATE		L. APPROVED BY P. Furman

CONTRACT DATA REQUIREMENTS LIST						Form Approved OMB No 9704-0188		
Public reporting burden for this collection of information is estimated to average 140 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget Paperwork Reduction Project (0704-0188), Washington, DC 20503.								
A. CONTRACT LINE ITEM NO 0001 0002		B. EXHIBIT A		C. CATEGORY TOP <input type="checkbox"/> TM <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>				
D. SYSTEM ITEM Wave Energy Technology Program				E. CONTRACT PR NO N00014-05-C-0384		F. CONTRACTOR Ocean Power Technologies, Inc.		
1. DATA ITEM NO. A014		2. TITLE OF DATA ITEM Administrative Report			3. SUBTITLE Final Program Report			
4. AUTHORITY (Data Acquisition Document No.)			5. CONTRACT REFERENCE SOW Task 6.0 & 7.0		6. REQUIRING OFFICE ONR 331			
7. DD 250 REQ DD		8. DIST STATEMENT REQUIRED D	10. FREQUENCY ONE/R	12. DATE OF FIRST SUBMISSION 30 DAPOP - See BLK 16		14. DISTRIBUTION		
8. APP CODE See Data Item A015		11. AS OF DATE	13. DATE OF SUBSEQUENT SUBMISSION 14 DARC - See BLK 16		ADDRESSSEE			
16. REMARKS BLK 12: The draft Final Program Report shall be delivered 30 Days after Period of Performance. Government comments on the draft report will be returned to the Contractor 14 days prior to the required submission of the Final Technical Report (see BLK 13). If the Government does not provide comments within the timeframe set forth in the CDRL Item, the report will be deemed to be accepted by the Government. BLK 13: The second submission of the Technical Report shall be a final version that incorporates comments from the Government review of the draft report. The first page shall indicate: <ul style="list-style-type: none"> the title. the contractor's name and address. the contract number and CDRL number. the date of the report, and the period covered by the report. This report will summarize final administrative aspects of the project. This report shall summarize the following information for the Contract period of performance reporting period: <ul style="list-style-type: none"> Actual versus planned resource expenditures, in tabular form. Actual versus planned deliverables, showing due and completion dates. Resolution of previous problem areas reported on the previous report. Any technical, schedule, or cost problems encountered or expected. If any problems are reported, then the report shall also include the following information: <ul style="list-style-type: none"> Description of problem(s) Recommended action(s) Resulting impact on contract (if any) The first page shall indicate: <ul style="list-style-type: none"> the title. the contractor's name and address. the contract number and CDRL number. the date of the report, and the period covered by the report. All copies of this Contract Deliverable shall be provided in electronic format. Electronic copies of reports shall be submitted in one of the following formats: (a) Portable Document Format (.pdf), or (b) Microsoft Word, 2000. All embedded figures and tables in these reports must be compatible with MS- Windows95. All electronic files shall be delivered preferably on a medium compatible with CD ROM or DVD. Electronic copies of smaller items, (less than 1 Megabyte), may be deliverable by E-mail as mutually agreed to by the Contractor and the Government. DAPOP - Days after Period of Performance DARC - Calendar days after receipt of comments (from Government)					ACO	LT	DD	
					ONR 331	1	1	1
NFESC 51	1	1	1					
15 TOTAL	2	2	2					
G. PREPARED BY		H. DATE		I. APPROVED BY P. Furman		J. DATE 17 May 2006		

FINANCIAL ACCOUNTING DATA SHEET — NAVY

1. CONTRACT NUMBER (CRITICAL) N0001405C0384			2. SPIIN (CRITICAL)			3. MOD (CRITICAL) P00002			4. PR NUMBER 07PR06497-02							
CLIN/SLIN	6. LINE OF ACCOUNTING													7. AMOUNT (CRITICAL)	NAVY INTERNAL USE ONLY REF DOC/ACRN	
	A. ACRN (CRITICAL)	B. APPROPRIATION (CRITICAL)	C. SUBHEAD (CRITICAL)	D. OBJ CLA	E. PARM	F. RFM	G. SA	H. AAA (CRITICAL)	I. IT	J. PAA	K. COST CODE					
	AB	1761319	W3DK	255	RA	333	0	068342	2D	000000	PROJ UNIT 09690	MCC 000	PDLI & SUF 4KT0	\$417,259.00	PR#07PR06497-02 FRC: 34KT	
													PAGE TOTAL	\$417,259.00		
													GRAND TOTAL	\$417,259.00		
PREPARED/AUTHORIZED BY:						COMPTROLLER APPROVAL: FOR FISCAL DATA AND SIGNATURE										
DATE:						BY _____						for COMPTROLLER, ONR CONTRACT REVIEWED				
						DATE:										

FINANCIAL ACCOUNTING DATA SHEET — NON-NAVY DoD ACTIVITIES

1. CONTRACT NUMBER (CRITICAL) N0001405C0384		2. SPIIN (CRITICAL)		3. MOD (CRITICAL) P00002		4. PR NUMBER 07PR06497 - 02		
5. CLIN/SLIN	6. ACRN (CRITICAL)	7. ACCOUNTING CITATION				8. AMOUNT (CRITICAL)		NAVY INTERNAL USE ONLY REF DOC/ACRN
		This page is intentionally blank						
PAGE TOTAL						\$.00		
GRAND TOTAL						\$.00		
PREPARED/AUTHORIZED BY: DATE:				COMPTROLLER APPROVAL: FOR FISCAL DATA AND SIGNATURE BY _____ for COMPTROLLER, ONR CONTRACT REVIEWED DATE: _____				

FINANCIAL ACCOUNTING DATA SHEET — NAVY

1. CONTRACT NUMBER (CRITICAL) N0001405C0384		2. SPIIN (CRITICAL)		3. MOD (CRITICAL) P00002			4. PR NUMBER 07PR06497 - 03								
CLIN/SLIN	6. LINE OF ACCOUNTING													7. AMOUNT (CRITICAL)	NAVY INTERNAL USE ONLY REF DOC/ACRN
	A. ACRN (CRITICAL)	B. APPROPRIATION (CRITICAL)	C. SUBHEAD (CRITICAL)	D. OBJ CLA	E. PARM	F. RFM	G. SA	H. AAA (CRITICAL)	I. IT	J. PAA	K. COST CODE				
	AB AC	1761319 1771319	W3DK W3DK	255 255	RA RA	333 333	0 0	068342 068342	2D 2D	000000 000000	09690 09690	000 000	4KT0 4KT0	\$361,335.00 \$542,901.00	PR#07PR06497-03 FRC : 34KT PR#07PR06497-03 FRC : 34KT
PAGE TOTAL													\$904,236.00		
GRAND TOTAL													\$904,236.00		
PREPARED/AUTHORIZED BY:							COMPTROLLER APPROVAL:								
DATE:							FOR FISCAL DATA AND SIGNATURE								
							BY _____ for COMPTROLLER, ONR CONTRACT REVIEWED								
							DATE:								

FINANCIAL ACCOUNTING DATA SHEET — NON-NAVY DoD ACTIVITIES

1. CONTRACT NUMBER (CRITICAL) N0001405C0384		2. SPIIN (CRITICAL)		3. MOD (CRITICAL) P00002		4. PR NUMBER 07PR06497-03		
5. CLIN/SLIN	6. ACRN (CRITICAL)	7. ACCOUNTING CITATION				8. AMOUNT (CRITICAL)		NAVY INTERNAL USE ONLY REF DOC/ACRN
		This page is intentionally blank						
PAGE TOTAL						\$.00		
GRAND TOTAL						\$.00		
PREPARED/AUTHORIZED BY: DATE:				COMPTROLLER APPROVAL: FOR FISCAL DATA AND SIGNATURE BY _____ for COMPTROLLER, ONR CONTRACT REVIEWED DATE: _____				

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, George W. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ocean Power Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ George W. Taylor

George W. Taylor
Chief Executive Officer

Date: December 17, 2007

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT**

I, Charles F. Dunleavy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ocean Power Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles F. Dunleavy

Charles F. Dunleavy
Chief Financial Officer

Date: December 17, 2007

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Ocean Power Technologies, Inc. (the "Company") for the period ended October 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, George W. Taylor, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ George W. Taylor

George W. Taylor

Chief Executive Officer

Date: December 17, 2007

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Ocean Power Technologies, Inc. (the "Company") for the period ended October 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Charles F. Dunleavy, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles F. Dunleavy

Charles F. Dunleavy
Chief Financial Officer

Date: December 17, 2007