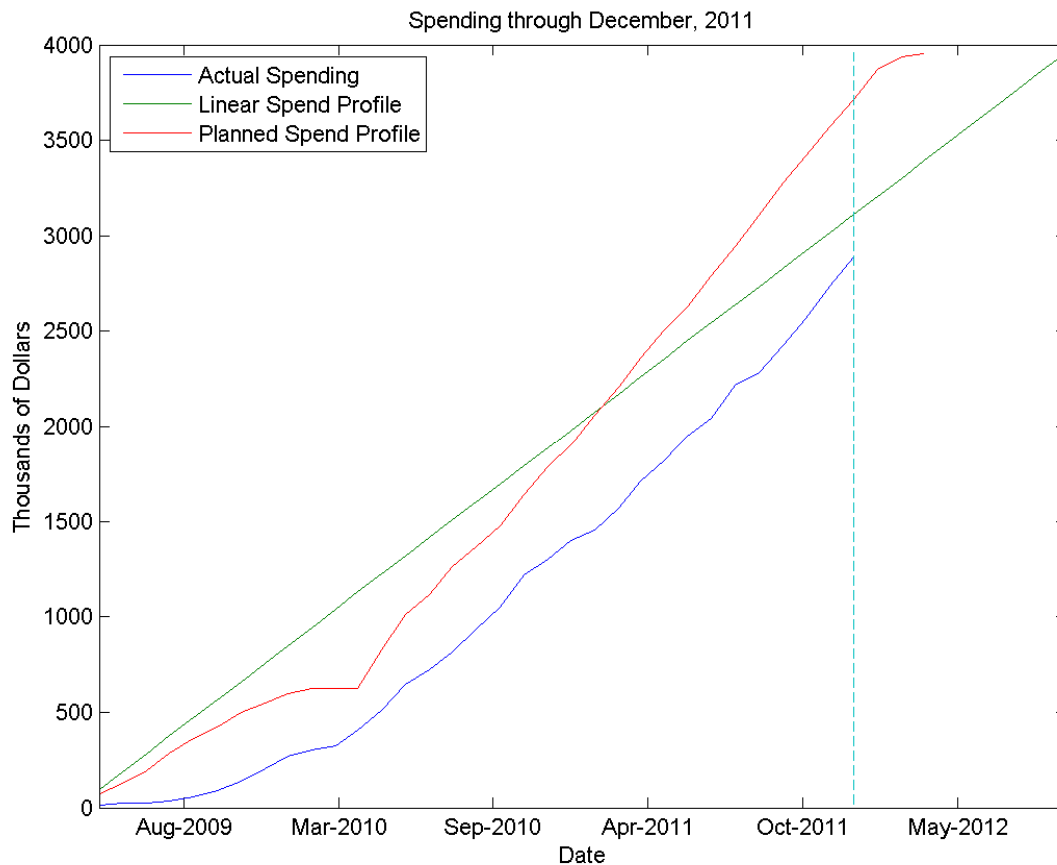
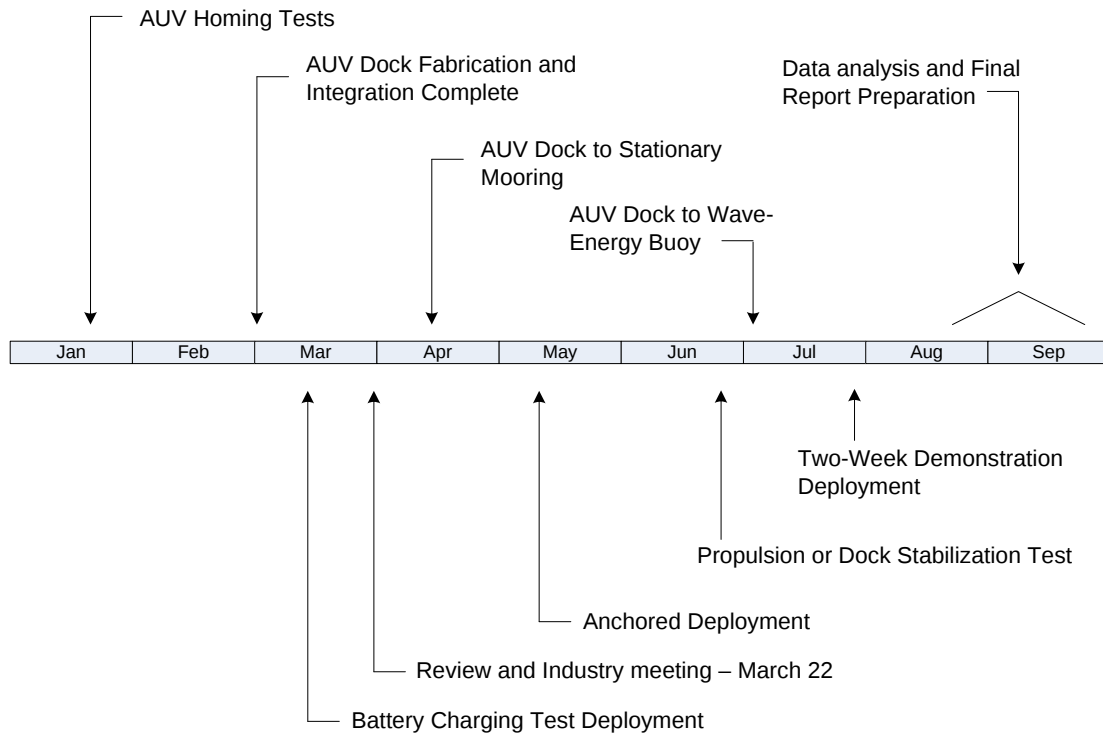


Financial Progress through December 2011

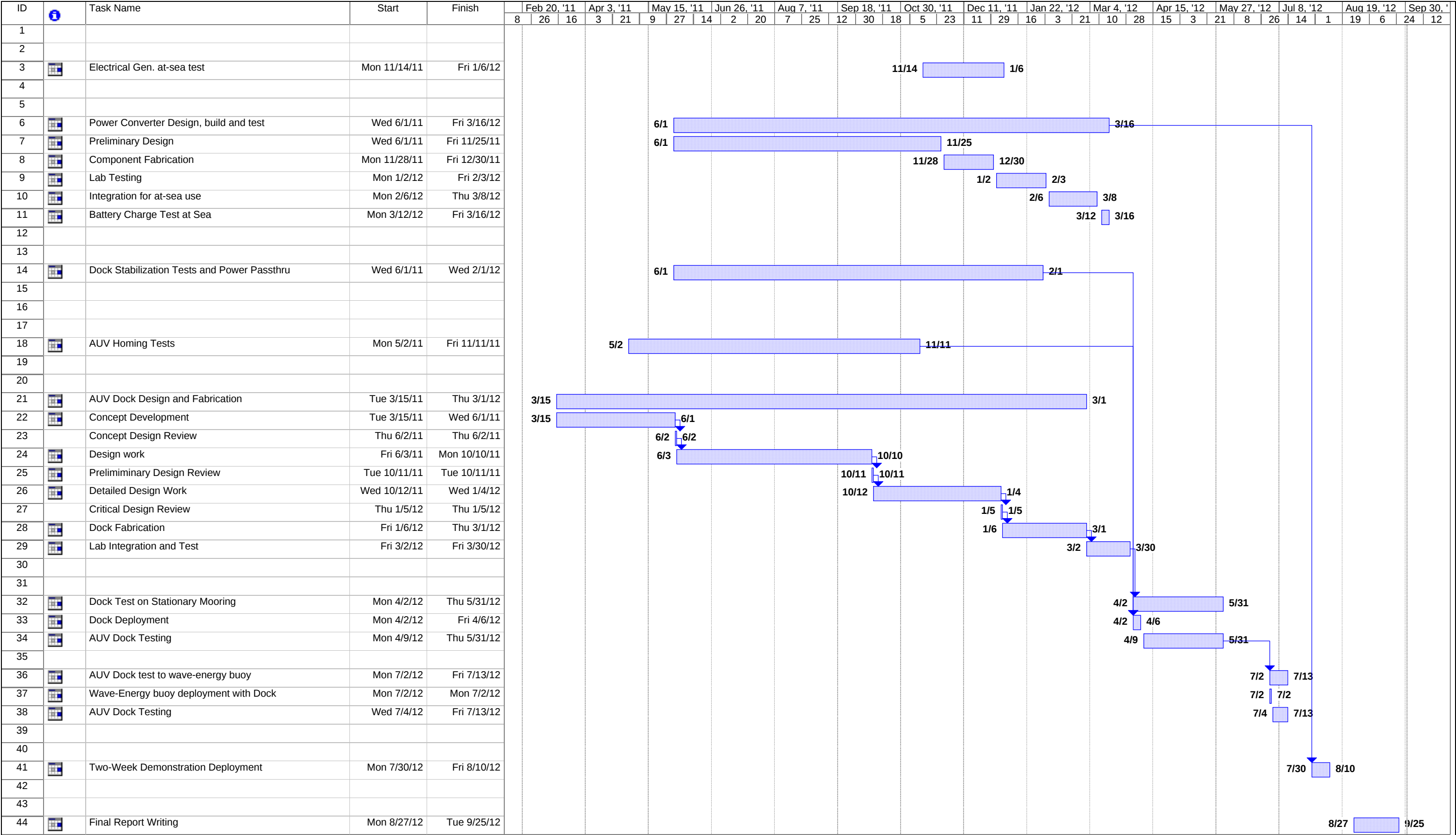
The graph below shows the projects actual spend profile through the end of December 2011. The red line shows the originally spending plan (from the original proposal), the green line shows the linear spend rate from the project inception to an end date that reflects a six month extension in the period of performance. The blue line shows the actual spend rate and shows the increased spending rate resulting from the build and test of equipment.



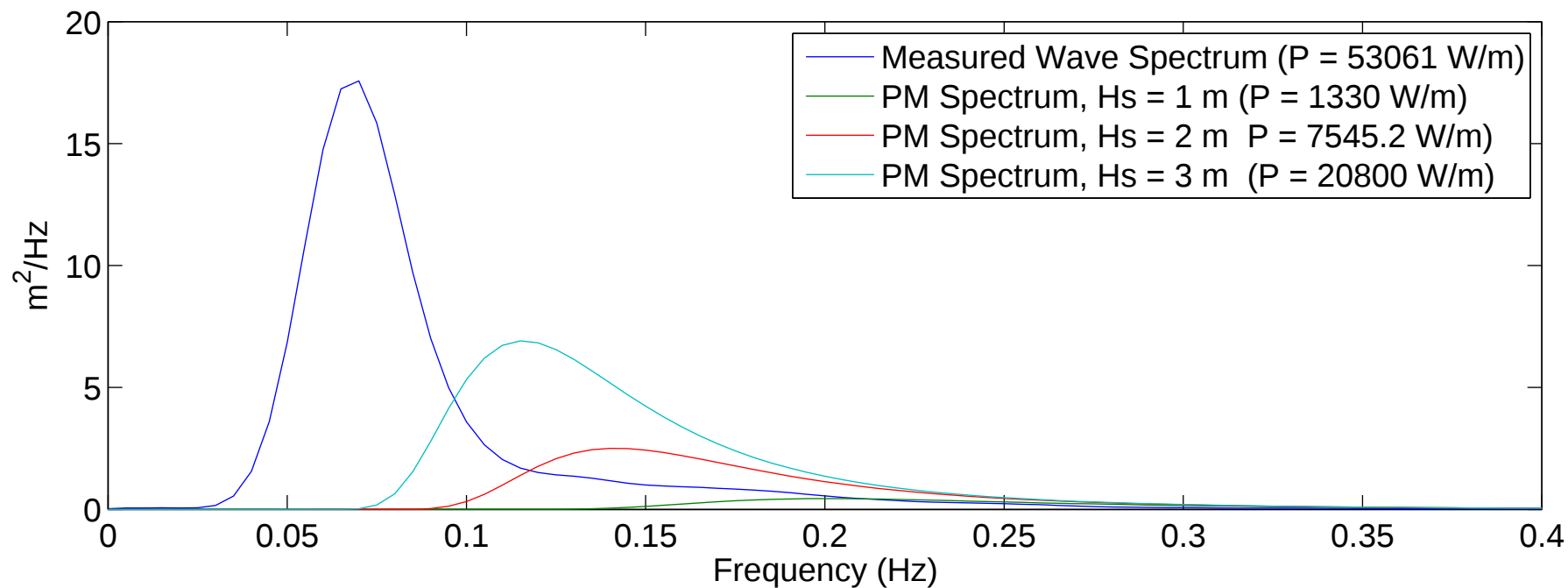
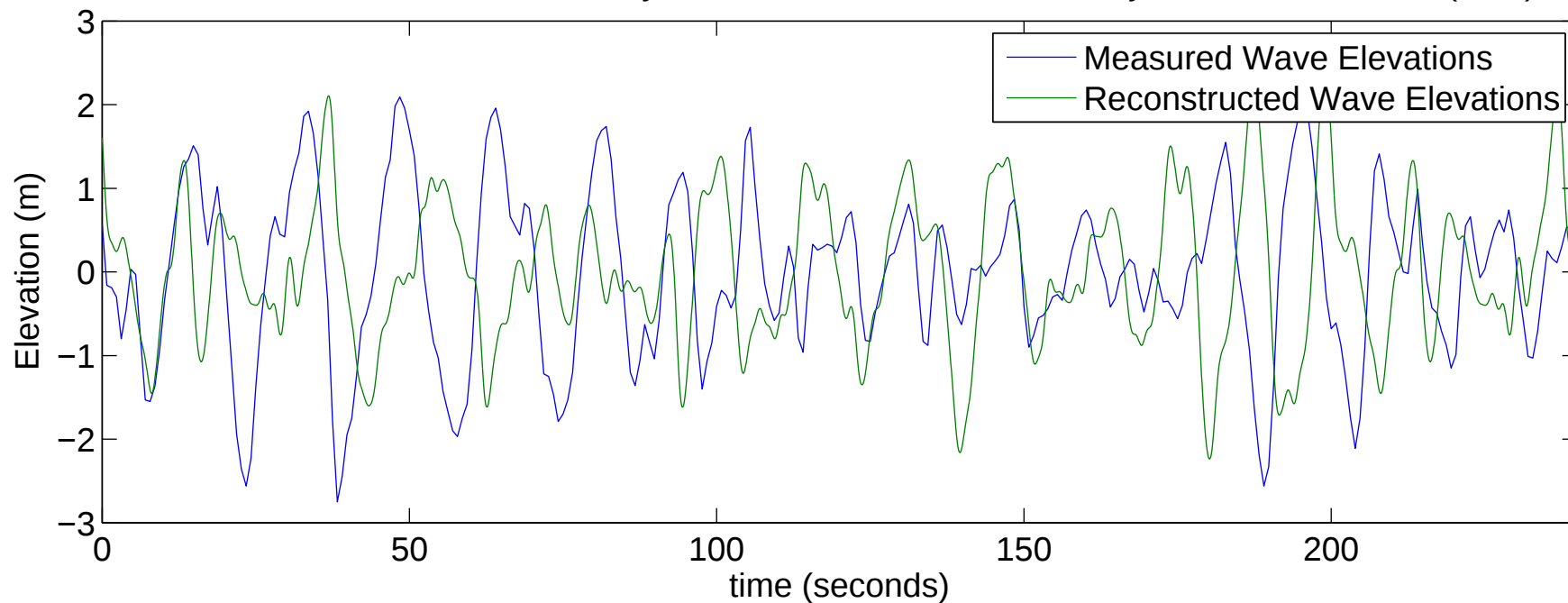
Time-Line



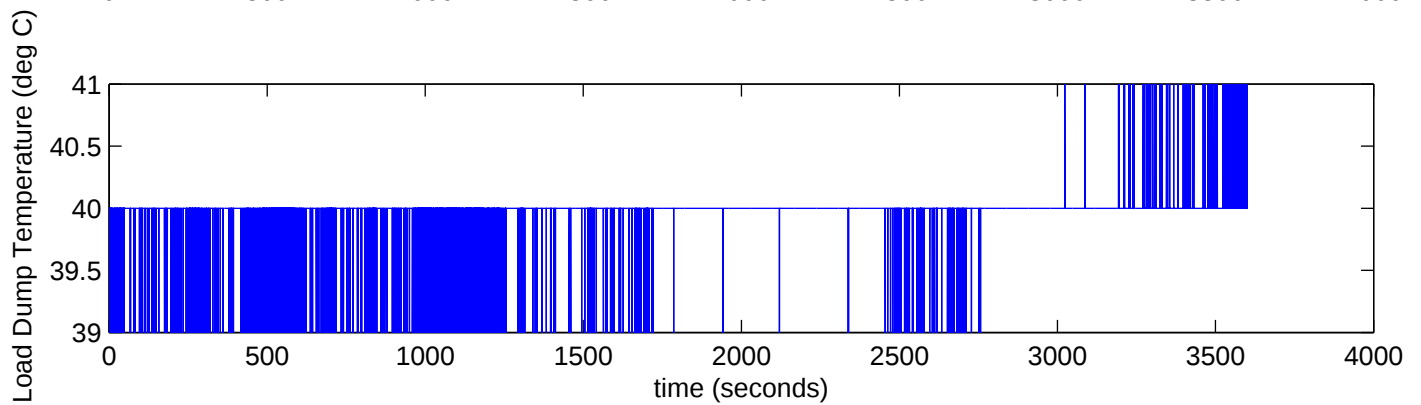
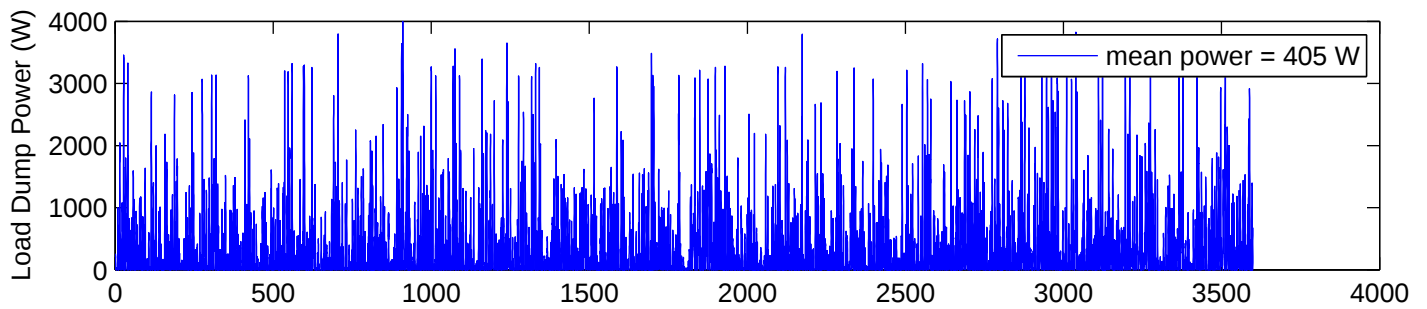
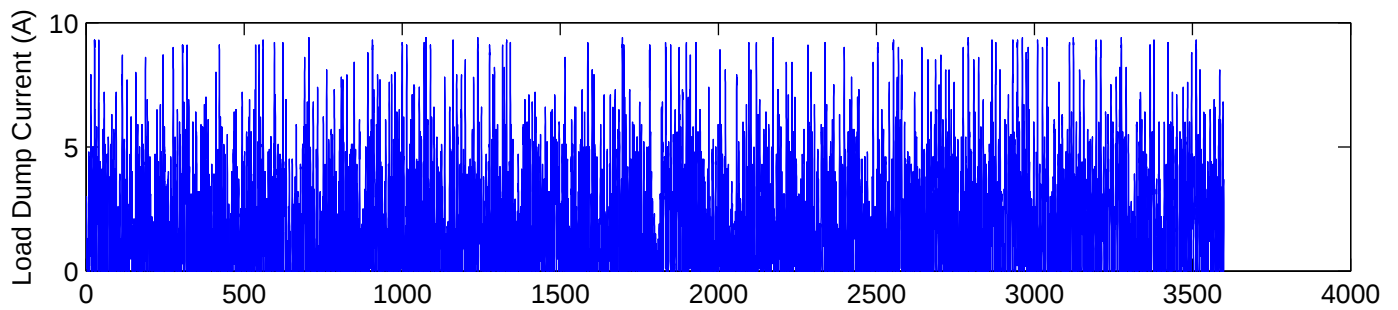
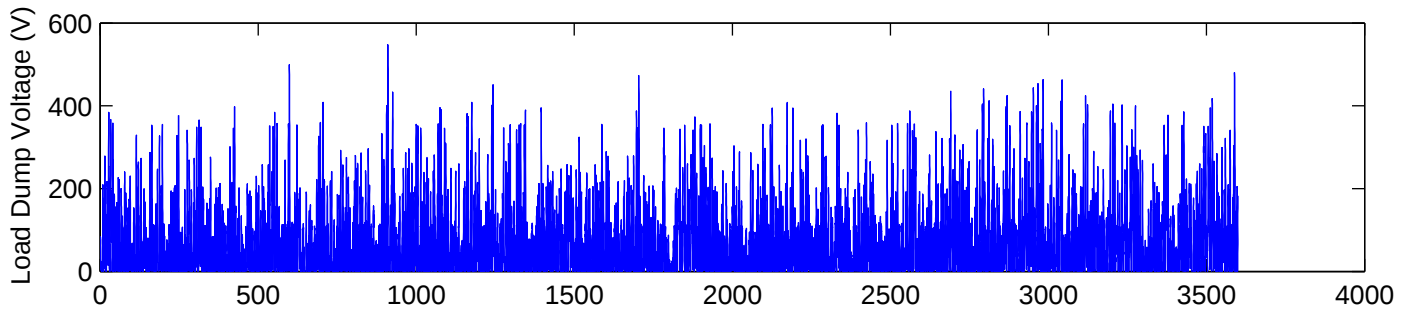
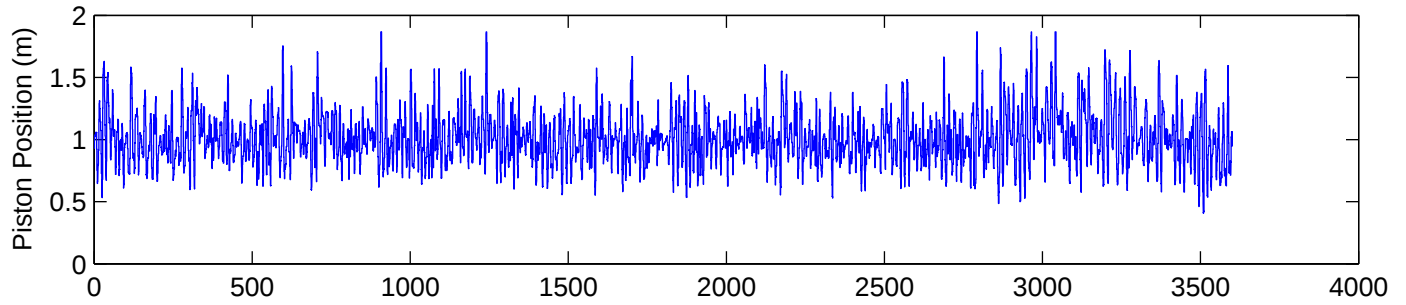
Activity	Completion Date	Notes
At-sea testing of electrical generation - 2nd test	January 2012	Complete: Data analysis underway
Power Converter Design, build, integration, and test	March 2012	Final configuration testing in lab underway, final PCB will be boards ordered next week.
Dock Stabilization and Power Pass-Through	June 2012	Power-Pass through design complete, PTO being dissassembled for modifications.
AUV Homing	8-Nov-11	Testing at sea on-going. Calibration issues with USBL causing problems.
AUV Dock Design and Fabrication	March 2012	Critical Design Review complete January 6th. Fabrication underway. Connectors are long leadtime items
AUV Dock Test to Stationary Mooring	April 2012	Pending Completion of Dock Fabrication
AUV Dock Test to Wave-Energy Buoy	July 2012	Pending successful docking to stationary mooring
Propulsion Testing	June 2012	Plans to-be determined
Two-week Demonstration Deployment	August 2012	
Numerical Model Packaging for General Use	TBD	Not yet scheduled.
Analysis and final report preparation	25-Sep-12	



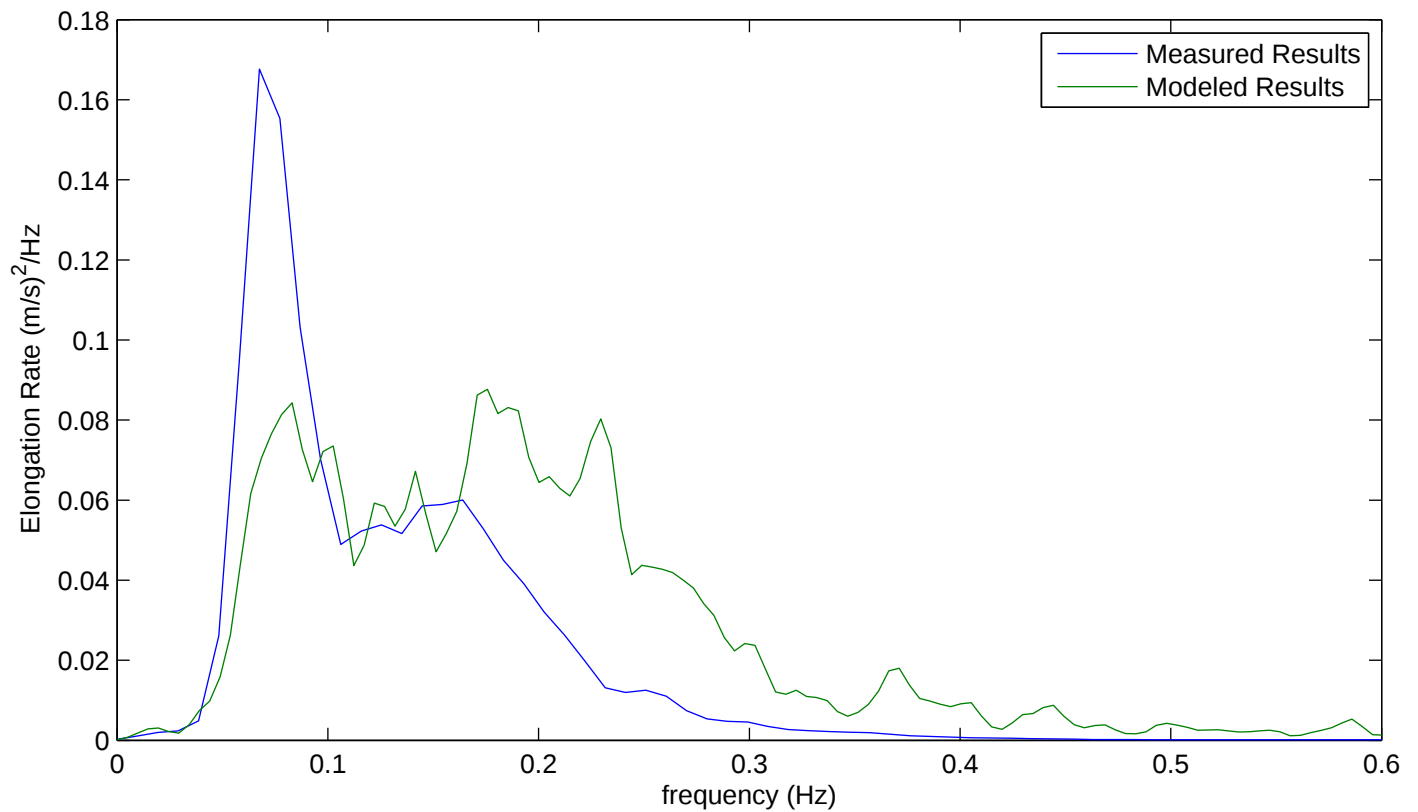
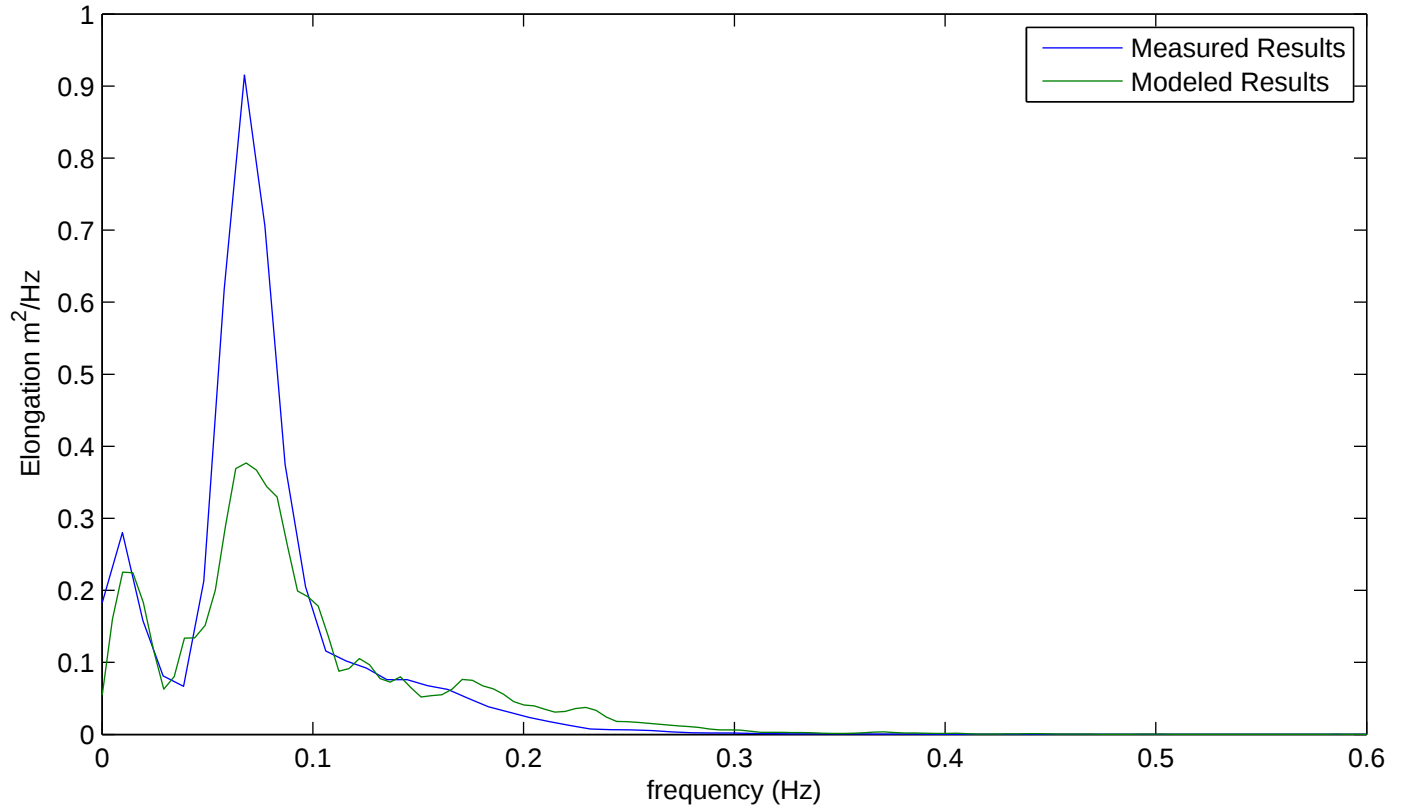
Wave conditions between January-05-2012 18:00:00 and January-05-2012 18:59:59 (PDT)



D000011:120105:180516



Spectrum of PTO Motions, Measured Versus Modeled Jan. 5, 2012 1800PDT



Comparison in power in waves for various sea-states and the resulting predicted energy balance and measured results where applicable.

Sea State	Wave Power Flux	Numerical Model Predictions			Sea-Test Results
		Power Coupled to PTO	Power Converted to Electricity	Dissipated to Viscosity	Measured Electrical Power
	(W/m)	(Watts)	(Watts)	(Watts)	(Watts)
P-M Hs = 1m	1330 W/m	405 W (11.7%)	243 W (7%)	1153 W (33%)	N/A
P-M Hs = 2m	7545 W/m	1560 W (7.9%)	934 W (4.8%)	2490 W (12%)	N/A
P-M Hs = 3m	20800 W/m	2280 W (4.2%)	1370 W (2.5%)	2920 W (5.4%)	N/A
P-M Hs = 4m	42700 W/m	3070 W (2.8%)	1842 W (2.2%)	3330 W (3%)	N/A
P-M Hs = 5m	74600 W/m	4190 W (2.2%)	2510 W (1.3%)	3722 W (1.9%)	N/A
Nov 10, 2011 9-10 PDT	1470 W/m	25 W (0.6%)	14 W (0.4%)	97 W (2.5%)	10W (.3%)
Nov 10, 2011 16-17 PDT	1477 W/m	4.4 W (0.0%)	2.8 W (0.0%)	47 W (1.2%)	148 W (3.8%)
Nov 11, 2011 11-12 PDT	31974 W/m	386 W (0.5%)	238 W (.3%)	1615 W (1.9%)	357 W (0.4%)
Jan 5, 2012 18-19 PDT	53061 W/m	602 W (0.47%)	360 W (.28%)	1810 W (1.4%)	405 W (0.32%)
Jan 5, 2012 20-21 PDT	35834 W/m	498 W (0.58%)	299 W (.35%)	1558 W (1.8%)	369 W (0.4%)