

PROGRESS REPORT OF AMBIENT CORPORATION'S TESTS
PURSUANT TO
EXPERIMENTAL LICENSE

Ambient Corporation ("Company") submits this six-month progress report in accordance with the conditions of its Experimental License to evaluate broadband access via carrier current systems over power lines.

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Test Sites: The Company has continued its ongoing test program at its test site in Westchester County, New York since the grant of its original STA in June 2002. The Company intends to expand its network in Westchester County, providing the Consolidated Edison with telemetry from its distribution lines and providing a network capacity to meet the needs of residents for broadband data services.

In March, 2004, the Company connected a new MV/LV test system to the power distribution facilities of Orange and Rockland Utilities Inc. ("O&R") at Monsey, New York. This system carries telemetry information from a utility substation to the O&R offices on Route 59. A site map is attached here. In order to avoid potential interference to the receivers of service trucks operated by the utility's gas supply operation, the Company implemented frequency notching.

As of March of 2004, the Company also set up a LV demonstration system at the offices of IDACOMM, Inc. in Boise, Idaho for broadband Internet access capabilities.

Test Measurement Procedures: The Company has updated its test measurement program to reflect the FCC's proposals in its Notice of Proposed rulemaking [FCC 04-29] regarding carrier current systems, including broadband over power line systems ("BPL") and amendment of Part 15 regarding new requirements and measurement guidelines for access broadband over power line systems in ET Docket No. 03-104/ET Docket No. 04-37, released February 23, 2004.

Testing of Advanced Hardware and Software Capabilities: In the framework of its Experimental License, the Company continues to develop and test methods for enhancing the performance of BPL systems. Specifically, the Company is experimenting with dual couplers for differential signal injection, new generation modem technology, improved frequency notching, and improved repeater construction and shielding. Improvements in the company's notching capabilities

have been tested in its lab and will be deployed for further testing at field locations commencing on or around September 10, 2004.

Expansion of Testing: The Company is planning to expand the geographic scope of its existing test sites and to add locations in New York City and other areas. The Company also plans to work with the New York State Energy Research and Development Authority (NYSERDA)¹ to develop uses of PLC technologies to help increase the reliability and the efficient management of the utility local distribution systems. The potential benefits include improving power quality, system reliability and customer service through better information to support maintenance prioritization, information on power quality events, identification of impending fault conditions, public safety capabilities. The Commission will be informed in future reports as these developments occur.

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¹ The New York Energy Research and Development Authority (NYSERDA), a public benefit corporation created in 1975 by the New York State Legislature, provides financial assistance to develop and demonstrate a broad range of technologies intended to address some of New York state's most challenging energy problems.