

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 physical layout of this system is unchanged from that reported in the Company's previous Progress Reports.

The MV/LV test system with Orange and Rockland Utilities Inc. ("O&R") at Monsey, New York reported in the company's previous Progress Reports is unchanged and remains in operation.

The Company's previously reported in-house Low Voltage demonstration system at a 200 unit high-rise apartment building in New York, NY, remains in operation.

As previously reported, the Company entered into a BPL Trial Agreement with San Diego Gas & Electric Company (SDG&E), a unit of Sempra Energy (NYSE: SRE), to evaluate BPL-enabled consumer and utility based applications. Installation of a limited test network which was begun in August, 2005 has been completed and is in operation. Second generation modem cards have been installed in some of the original equipment enclosures, and the system is undergoing comparative performance testing.

BPL Standards Development: Members of the Company's engineering staff participated in the recently completed IEEE Power Engineering Society meeting in Montreal. Two IEEE standards drafts, P1675 "Standard for Broadband over Power Line Hardware" and P1775 "Powerline Communication Equipment. Electromagnetic Compatibility (EMC) Requirements, Testing and Measurement Methods," are nearing completion. Progress has also been made on P1901 "Standard for Broadband over Power Line Networks: Medium Access Control and Physical Layer Specifications."

Testing of Advanced Hardware and Software Capabilities: As previously reported in its ex parte submission in ET Dkt No 04-37 dated June 23, 2006, Ambient is on the verge of offering new Generation 2 Access BPL products, which were tested in

preparation for submission to an FCC of application for certification. As part of this process, an independent electromagnetics testing laboratory measured radiated emissions of Generation 2 equipment *in-situ* at its Westchester County trial site at three typical locations on an overhead distribution system, and found them to conform with FCC Part 15 Subpart G Rules.

Ambient also completed testing of this Generation 2 equipment at three locations on an Underground Residential Distribution (URD) system in Charlotte NC. Testing was performed by an independent testing laboratory.

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