1. Progress During Reporting Period

During this period, we worked on preparation of the final report for the project, which is due in October.

During this period, we received notification that we have been awarded a $50,000 Phase III grant from Connecticut Innovations, Inc for marketing activities related to this project. We expect to use this grant to explore the commercial potential of our MPI tools.

2. Planned Activities and Milestones

At this point the Core Project in this Phase II project is essentially complete with respect to technical development. We do anticipate that there may be some small amount of further development work required in order to support users of the beta system. In addition, we will continue to work on the final report for the Core Project.

Since we have been informed that Darpa has declined to fund either of the two Option Projects associated with this Phase II project, we do not anticipate initiating any significant new technical work.

3. Administrative Information

Since Darpa has declined to fund either of the two Option Projects associated with this SBIR project, and since we have met the objectives of the Core Project, we do not anticipate initiating any significant new technical work. We believe that the remaining funds ($31,446) will be sufficient to complete the project and write the final report.
<table>
<thead>
<tr>
<th>Personnel Hours</th>
<th>Planned</th>
<th>Actual</th>
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<tbody>
<tr>
<td>Current Period</td>
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<tr>
<td>Contract Since Inception</td>
<td>3083</td>
<td>3083</td>
</tr>
</tbody>
</table>

Expenditures in current period: $14,742 (inclusive of fee)

Expenditures since inception: $343,287 (inclusive of fee)

Total funds committed: $374,733

Estimated funds for completion of Core Project: $31,446

Approximate quarterly breakout of anticipated payments from DARPA:
- $45,000 per calendar quarter through 2Q1998;
- $60,000 in 3Q1998;
- $16,211 in 4Q1998.

Estimated date of completion of Core Project: October 15, 1998