

NEWS RELEASE

Ocean Power Technologies, Inc.
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For Immediate Release

OCEAN POWER TECHNOLOGIES ENTERS INTO JOINT VENTURE TO BUILD WAVE POWER STATION IN SPAIN

Pennington, NJ, August 4, 2004 – Ocean Power Technologies, Inc. (London Stock Exchange:AIM-OPT) announced today that it has signed a Joint Venture Agreement with Iberdrola S.A., Sodercan S.A. and IDAE S.A. for the development, construction and operation of a wave power station off the coast of the Cantabria region in northern Spain. The ownership of the joint venture is comprised of Iberdrola (70%), Sodercan (10%), IDAE (10%) and OPT (10%). The precursor to this Joint Venture Agreement was the Memorandum of Understanding previously entered into by OPT and Iberdrola in March of this year.

Iberdrola is a company listed on Madrid's top Ibex 35 and the Euro Stoxx Index, capitalised at over €14 billion. It is one of the largest renewable utilities in the world, with more than 2,400 Megawatts ("MW") of renewable energy generation annually. Iberdrola plans to increase that capacity to 4,500 MW per annum by 2008, through an investment of €3.1 billion. Sodercan is the industrial development agency of the Spanish region of Cantabria and IDAE is the energy agency of the Government of Spain. To receive the support of these regional and Federal European government agencies, following from the sponsorship which OPT is receiving from the US government, marks an important milestone for OPT. Further, the relationship which OPT has forged with Iberdrola represents a significant endorsement of the OPT wave power technology by a commercial utility recognised as one of the world's leaders in delivering renewable energy solutions.

Dr. George W. Taylor, Chief Executive Officer of OPT, stated, "OPT is very pleased to be part of this exciting Joint Venture. The level of commitment by Iberdrola, as well as by the agencies of the Cantabria region and the Spanish Government, is significant. Their vigorous support, coupled with the excellent wave energy resource along the northern Spanish coast, provide an outstanding opportunity for the initial commercial roll-out of the OPT wave power technology in this area of Europe." Noting the installation last month of OPT's first PowerBuoy™ unit at the 1 MW power station the company is building in Hawaii, Taylor continued, "OPT has been focusing on the basics of ocean survivability, increased power capacity per PowerBuoy, and efficient installation techniques. The performance of our first unit installed in Hawaii points to the continuing success of OPT's technology, as it is deployed in Spain."

The initial purpose of the Joint Venture is to build and operate a 1.25 MW OPT wave power station offshore from Punta del Pescador in Santona, which is located on the northern coast of Spain in the Cantabria region. The power will be produced by an array of ten OPT PowerBuoys, the combined output of which will be connected into the Spanish national power grid. As part of the initial phase of the project, OPT and Iberdrola have begun work on the

development of the site, permitting and the identification of local vendors and sub contractors for building and installing portions of the OPT system.

Mr. Roberto Legaz, Director of Renewable Energy at Iberdrola has said, "Iberdrola is very pleased to be working with OPT on this project, and with Sodercan and IDAE, to support the introduction of the OPT wave power technology in Spain. Following the successful completion of the initial OPT wave power station at Santona, Iberdrola expects over the next several years to install hundreds of megawatts of OPT wave power stations along Spain's northern coast."

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Background Information

Ocean Power Technologies, Inc.

OPT is the world's first publicly listed wave power company. It is commercialising its proprietary technology for the generation of electrical power using the energy of ocean waves. OPT's wave energy systems are based on modular, buoy-like structures, called PowerBuoys™, which are "intelligent" systems capable of responding to differing wave conditions. The Company's ocean-tested systems have the potential to provide cost competitive, clean electrical power on a large scale without the enhancements of tax credits or subsidies. For further information, see the Company's website: www.oceanpowertechnologies.com.

Iberdrola, S.A.

Iberdrola is one of the largest renewable energy companies worldwide and also one of the largest electric power utilities in Europe. It has been in the forefront of incorporating the latest renewable technologies into its electricity generating systems. Capitalised at over 14 billion Euros (£9 billion) and listed on Spain's blue chip Ibex 35 index and the Euro Stoxx 50 index, Iberdrola produces power through a combination of hydroelectric, gas, wind power, and nuclear. Further information can be found on www.iberdrola.com.

Sodercan, S.A.

Sodercan is the development agency of the Cantabria region of Spain (SODERCAN, S.A.) and is owned by the Government of Cantabria, Savings Bank of Santander and Cantabria, and the Chamber of Commerce, Industry and Navigation of Cantabria. Sodercan was formed to encourage regional investment, promote local businesses, sponsor further economic development, and to provide financial resources to entrepreneurial projects.

IDAE

IDAE is the Institute for the Diversification and Saving of Energy, an entity reporting to the Spanish government's Ministry for Science and Technology. The basic function of IDAE is to promote energy efficiency and the rational use of energy in Spain. It also seeks to promote diversity of energy sources and the use of renewable sources of energy. It promotes these aims through dissemination activities, technical consultancy, the implementation of projects with a technologically innovative component, and financial and technical support for energy efficient installations and diversification of energy sources.