Shareholder Meeting

April 28, 2005
2:00 PM
Election of Board

- Elwood G. Norris
- Kalani Jones
- Richard M. Wagner
- David J. Carter
- Daniel W. Hunter
Ratification of BDO Seidman, LLP
New Equity Incentive Plan
Conclusion of Formal Business
## Agenda

<table>
<thead>
<tr>
<th>Topic</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introductions</td>
<td>Woody Norris</td>
</tr>
<tr>
<td>ATC Update</td>
<td>Kalani Jones</td>
</tr>
<tr>
<td>Bus. Group Update</td>
<td>Bruce Gray</td>
</tr>
<tr>
<td>Gov. Group Update</td>
<td>Carl Gruenler</td>
</tr>
<tr>
<td>Corp. Update</td>
<td>Kalani Jones</td>
</tr>
<tr>
<td>Follow-up Q&amp;A</td>
<td>All</td>
</tr>
</tbody>
</table>
Introductions

Woody Norris
Chairman
A year ago, we had just started turning our revolutionary sound reproduction technologies into products and revenue.

- We recorded 2004 revenues of $5.8 million.
- Today, we have already surpassed fiscal 2004 with greater than $8 million in revenue and orders to date.
- We expect fiscal 2005 revenue to be significantly greater than last year.
ATC Corporate Mission

- ATC is unique in its corporate mission.
  - The focusing of light and the focusing of sound are analogous.
- We firmly believe our sound reproduction technologies have the potential to become industry standards, creating many new products and markets.
- ATC intends to be the driving force in creating, and reaping the rewards of, Shaping the Future of Sound®.
ATC Update

Kalani Jones
President & COO
ATC Strategy

- Bring new innovative products based on our core sound reproduction technologies to large growing markets
  - Target markets that can produce > $100M in annual ATC revenue.
- The ability to innovate and create valuable sound reproduction intellectual property.
  - Our technology produces a “significant” competitive advantage for ATC.
Our core sound reproduction technologies:
- HyperSonic Sound (HSS)
- Long Range Acoustic Device (LRAD)
- NeoPlanar (NEO)

Focus for 2005 and beyond.
Innovate & Create I.P.

- Critical part of our past success and key to our future.
  - Hired full time patent attorney
    - Cliff Thompson
- Over 210 US and international patents filed.
- 45 granted.
Focus Today

**Government Group**
- Markets:
  - Force Protection
  - Mass Notification
- Inventory of Opportunities
  - >$100M

**Business Group**
- Markets:
  - Digital Signage
  - Displays (Museums, CMD & Control, Kiosks)
- Inventory of Opportunities
  - >$50M
Business Group Update

Bruce Gray
Vice President Business Group
Who We Are

Business Group

Commercial Products Group
What We Sell

NeoPlanar

SoundVector
(and other Technology Licenses)
Where We Sell Today

North America & Europe
(Our Major Markets)
- Direct to Large Integrators
- Small Stocking Resellers

Asia, South America, Australia
- Limited Sales Effort
- Regulatory Issues
- Nearer Term Opportunities Elsewhere
- Resource Dilution
Where We Sell

- Belgium
- Spain
- Italy
- UK
- Taiwan
- San Diego
- Orlando
- (San Diego)
- (Orlando)
- (Spain)
- (UK)
- (Belgium)
- (Taiwan)
Where We Sell

Our New Partnership with the US Audio Video Group!
25 authorized reseller locations!
Future Channel Expansion

We Will Continue to Focus on our Two Major Regions

North America & Europe
(Our Major Markets)
- Direct to Large Integrators
- Small Stocking Resellers
- Add Authorized Resellers in North America
- Increase Licensing and OEM Sales
- Continued Focus on Digital Signage
Digital Signage

Our #1 Target Market!

One Year Ago:
- Promotions
- Market Development
- Pilots in Planning Stage

Today:
- Pilots are being Completed
- RFQ’s are In-House
- Projects are in Bid Stage
Several Accounts are Reaching the End of the Sales Funnel.

Some Early Indicators in Last 30 days:

- 523 Inbound Sales Inquires
- 19 RFQ’s from New Accounts
- 7 Formal Bids Released
Coming this Summer:

A Fresh New Look!

Collateral

Tradeshows
And Finally...........A New Website

American Technology Corporation
is “Shaping the Future of Sound®” through revolutionary concepts in directional acoustic beam forming and next generation intelligibility. The company is committed to engineering innovative in-the-air acoustic solutions for government and commercial markets to meet the demands of the 21st century and post-9/11 world.
Become the pre-eminent acoustic provider for force protection and new-generation intelligibility solutions for the world wide security and mass notification markets.
“Shaping the Future of Sound®”

- The Sound of Force Protection™
- The Sound of Mass Notification™
- Creative Engineered Solutions

In common:

- Intelligibility,
- Directionality,
- Distance
Product Identity

- Technology/Product Portfolio
  - Long Range Acoustic Device (LRAD™)
  - NeoPlanar®
  - Hypersonic Sound (HSS®) - Parametrics
Markets

AT/FP Non-lethal technology

- Low intensity conflict/military operations other than war (4th generation warfare)
- Critical infrastructure & border force protection
- Law enforcement
Market

Mass notification/Public address

- Outdoors for mass notification and response
- Indoors for difficult spaces and general announcing
Engineered solutions

- Design around critical infrastructure requirements
- Integrate companion technologies in existing products to increase mission effectiveness
- Model acoustic solutions for difficult areas/spaces
- Develop new products for evolving opportunities
Go-to-Market Strategy

- Department of Defense
- Other government agencies
- Commercial
- Law enforcement
- Critical infrastructure & borders
- International

In parallel with market development, expand product families, companion technologies & applications
Partner Strategy

- Select world class partners based on market position, existing contracts, system synergy, common market vision.

- Multiple U.S. partners focusing on specific markets.
  - Teaming agreements
  - Prime vendor contractors
  - Customer direct via competed contracts

- International partners on a case-by-case basis.
Neo Planar® Program Director
Ken Winter

The Sound of Mass Notification™
NeoPlanar® Implementations

SoundSaber™
“Cutting through your acoustic challenge”

Hangar 6, NAS Brunswick
U.S. Navy barge test, May05
Precursor to CVN hangar bay speaker replacement

USS Carl Vinson (CVN-70)
NeoPlanar® Sound Sentinel™

The new standard for mass notification
Mass Notification Capabilities

- Intelligibility in excess of 500 meters.
- Communicates effectively over high ambient noise.
- Control over unnecessary noise pollution.
- Eliminates OSHA noise hazard close to the device.
- Addresses rapid multi-language effective communications capability gap.
- Engineered solution.
- Linked to world class infrastructure.
Announcing …

Tyco/ ADT Security Systems

- Received initial order for $356k.
- Signed term sheet for expanded relationship.
- Partnering to address federal, state & local government markets.
- ADT committed to the Mass Notification market space.
- ATC Sound Sentinel™ a strategic element.
- ADT powered by NeoPlanar®.
Long Range Acoustic Device™

The Sound of Force Protection™

“An enabling technology” (USN)

“An AT/FP force multiplier” (USMC)

“Enables a new era of force protection for the built infrastructure” (PANYNJ)

LRAD Program Director
A.J. Ballard

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**LRAD™ Capability Overview**

- **Safe, yet highly effective non-lethal capability** for waterside force protection, crowd control, area denial, clearing buildings, MIO, humanitarian operations, psyops, etc.
- ** Warns, communicates, affects behavior, determines intent.**
- **Supports immediate escalation of non-lethal capability**
- **Can be remotely operated and integrated into surveillance/detection/tracking.**
- **Platform for integrating other non-lethal capabilities.**
- **Can save lives on both sides of the device.**
LRAD Intelligibility at Distance

USMC field training @ 500 meters
LRAD Voice and Tone

- Picture taken 500 meters from LRAD
- Voice and tone were loud, clear, and directional
LRAD as a Deterrent

Marines at 100 meters simulating an unruly crowd. LRAD was crystal clear and tone over powering.

The LRAD provides the ability to effectively notify and warn those entering a restricted area, effect behavior, and determine intent well in excess of 100 meters.
Operational Iraqi Freedom

(Crowd Control, Area Denial, Clearing Bldgs, MIO, Psyops)
OIF - USN 5th Fleet

(Maritime Interdiction Operations)

Bottom Line: LRAD use increases Mission Effectiveness, Efficiency, and Safety
ATC is breaking the mold

Product before program

Operators ahead of acquisition & logistics

Working towards funded programs of record
WASHINGTON, D.C. – U.S. Senator Olympia Snowe (R-ME) sent a letter to Defense Secretary Donald Rumsfeld touting the advantages of a new acoustic technology called the Long Range Acoustic Device (LRAD). It provides a significant capability to transmit a narrow, intelligible, and very directional acoustic beam to hail, notify and warn unknown small boats and vehicles in excess of 500 yards that approach US Navy ships and DoD personnel at check points.

“Given the high number of dangerous checkpoints maintained by U.S. personnel in Iraq and elsewhere, employing LRAD technology could offer an extra measure of safety to our troops,” said Snowe. “LRAD has been used effectively by the Marine Corps, and I would strongly encourage DoD officials to fund expanded deployment of this promising technology.”
Cruise Line Industry

(Waterside Force Protection)
Loudspeaker for crowd control

New York City police have bought two powerful $35,000 military loudspeakers to control protests and communicate with crowds.

How it focuses sound

**Conventional loudspeaker**
- Single electromagnet drives speaker
- Sound waves go in all directions

**Long Range Acoustic Device (LRAD)**
- Waves combine in beam about 30 degrees wide
- Little sound goes behind speaker
- Can amplify voice commands or siren tone

Effects when used on city street

Sound decreases with distance; intensity at different distances compared to common sounds:
- 86 dB 150 ft (50m)
- 92 dB 60 ft (25m)
- 108 dB 30 ft (10m)
- As loud as a rock concert
- 120 dB 3 ft (1m)
- Commonly called "threshold of pain"

Effects on crowd

- Can produce ear-damaging 150 decibels at full power
- New York police will use only for voice commands at 120 decibels

Military, police uses

- Controlling civilian crowds in Iraq
- Protecting Navy ships, Army and Marine convoys
- Police crowd control, clearing buildings

Note: Decibel scale is logarithmic: a 10-dB increase represents a 10-20% increase; maximum power.

Source: American Technology Corp., University of Texas at San Antonio, AP photo; Mark McLain, Helen Love-McCallion

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Other LRAD Implementations
LRAD Integrated Capabilities

MaxaBeam Xenon Lamp
Shaping LRAD

... for New Market Requirements
MRAD Prototype

- ½ size and weight of LRAD
- Optimized for land and vehicle-based missions
- Beam width 30-45°
- Man portable, vehicle ready
- Land forces and law enforcement applications
Remotely Operated LRAD

USS Theodore Roosevelt (CVN-71)
Remotely Operated LRAD

PANYNJ Hackensack Bridge

(Area Denial)
Applications

- **Built infrastructure**: industrial & military complexes, dams, bridges, tunnels, airports, water treatment facilities, communications towers
- **Energy infrastructure**: pipelines, refineries, terminals, platforms, power plants
- **Maritime infrastructure**: seaports, warships, commercial shipping, cruise line industry
- **Borders**
Economic justification

- Cost avoidance
  - Revenue interruption
  - Cost of repair
  - Security labor force reduction
- Vulnerability & psychological impacts
- Market, environmental, global economy impacts
The staff at work
The staff at work
The staff at work
The staff at work
The Road Ahead

- Existing inventory of opportunities for low intensity conflict/MOOTW, infrastructure & border security, mass notification and intelligibility systems
  - >$100 Million

- Global market size
  - >$1 Billion
ATC Corporate Update

Kalani Jones
President & COO
The Road Ahead

- **Government group**
  - Will continue to dominate our revenue this fiscal year.

- **Commercial Group**
  - Expect to announce the first large digital signage deal this calendar year.

- **Revenue**
  - Lumpy quarter over quarter.
  - Significant year over year revenue growth.
Quarterly Revenue

<table>
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<tr>
<th>Quarter</th>
<th>FY04</th>
<th>FY05</th>
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<tr>
<td>Q1</td>
<td>$775</td>
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<td>Q2</td>
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<td>Q4</td>
<td>$1,377</td>
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Revenue (K$)
Annual Revenue

Revenue After 2 Quarters

<table>
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<tr>
<th>Year</th>
<th>Revenue (K$)</th>
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<td>FY 2001</td>
<td>$855</td>
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<td>FY 2002</td>
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<td>FY 2003</td>
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<td>FY 2004</td>
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<td>FY 2005</td>
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<tr>
<td>FY 2006</td>
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</tr>
</tbody>
</table>