



# 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

## Topic

- Introductions
- ATC Update
- Bus. Group Update
- Gov. Group Update
- Corp. Update
- Follow-up Q&A

## Presenter

- Woody Norris
- Kalani Jones
- Bruce Gray
- Carl Gruenler
- Kalani Jones
- All



# 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

- 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.

- 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.

## 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

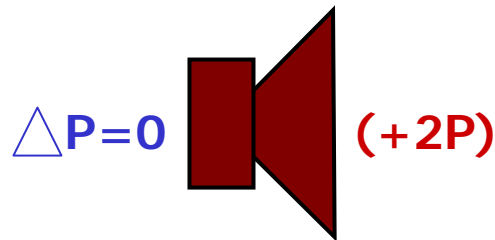


~~Business Group~~

**Commercial Products Group**



# What We Sell



**Sound***Vector*

(and other Technology Licenses)



**NeoPlanar**

# Where We Sell Today



**AmericanTechnology™**  
CORPORATION

*Shaping the future of sound™*

## ***North America & Europe (Our Major Markets)***

- *Direct to Large Integrators*
- *Small Stocking Resellers*

## ***Asia, South America, Australia***

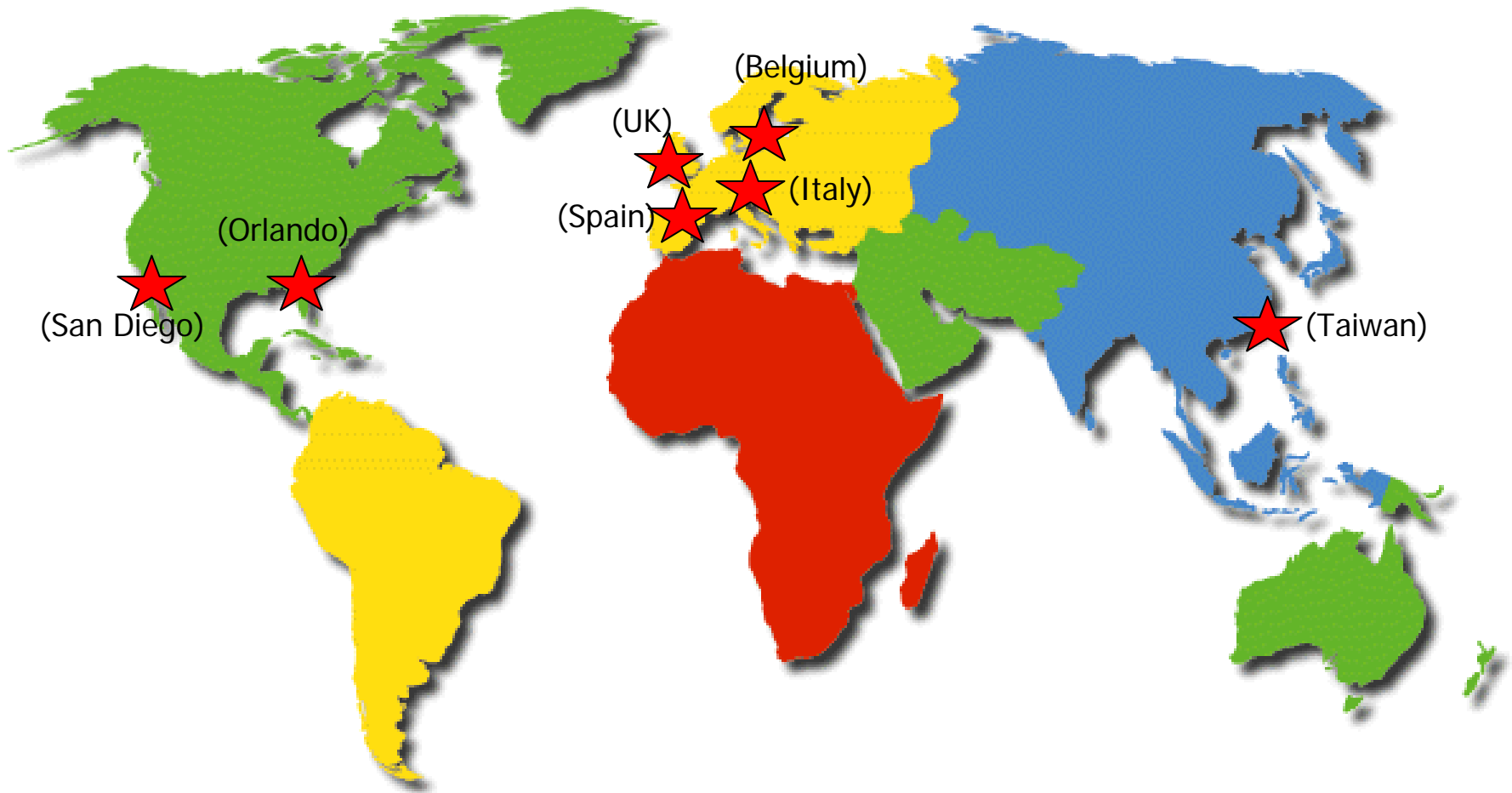
- *Limited Sales Effort*
- *Regulatory Issues*
- *Nearer Term Opportunities Elsewhere*
- *Resource Dilution*

# Where We Sell



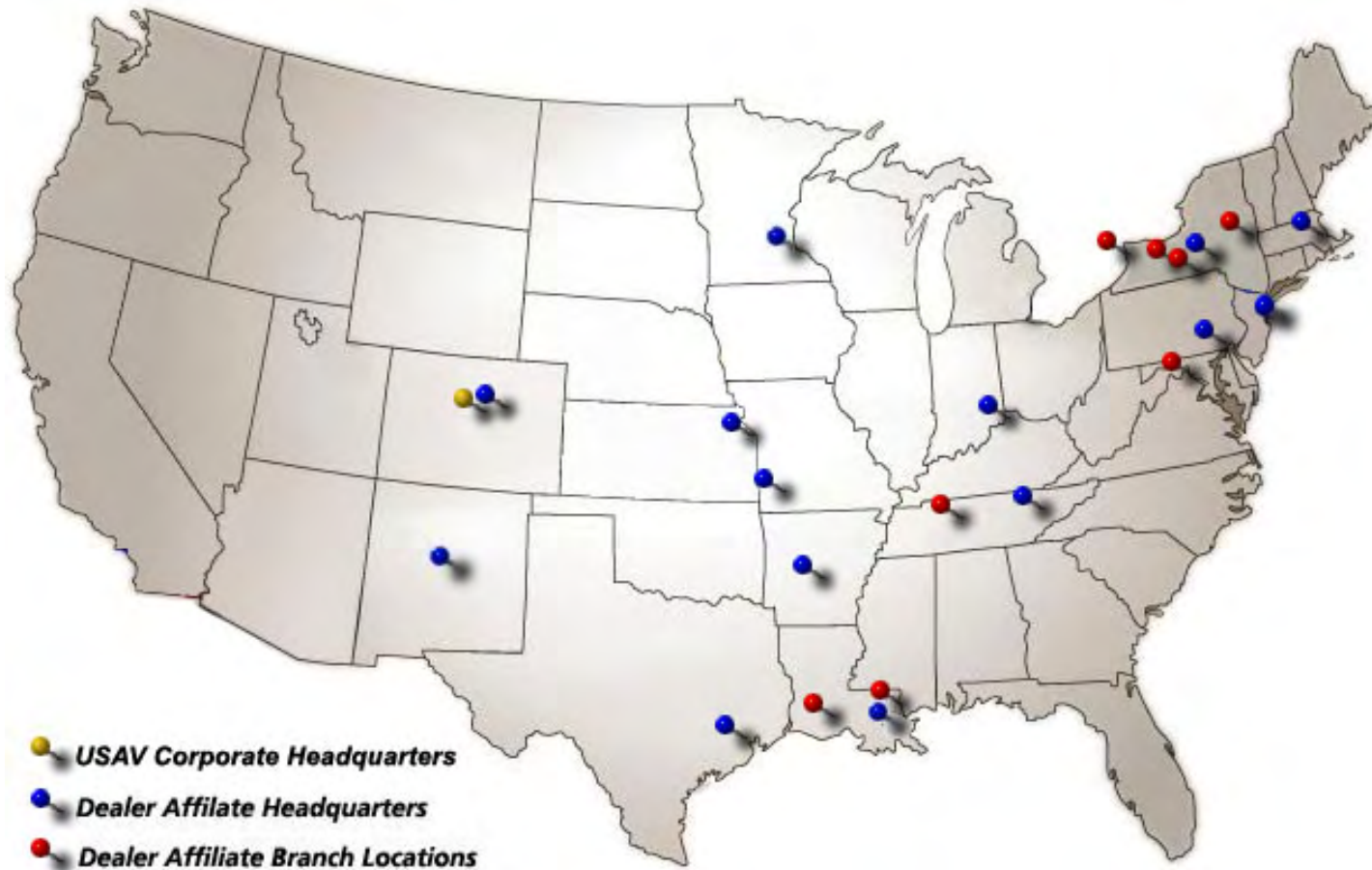
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# Where We Sell

## Our New Partnership with the US Audio Video Group! 25 authorized reseller locations!



***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:



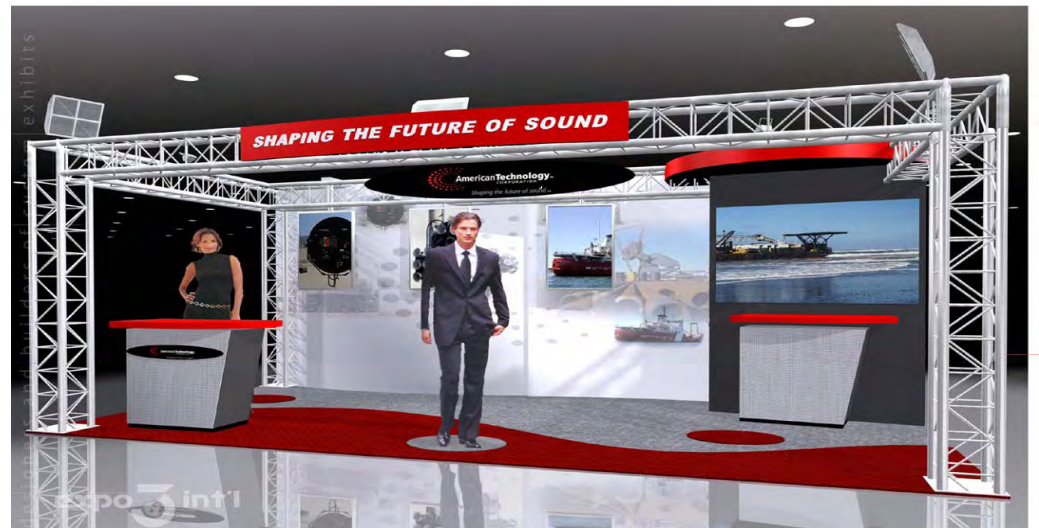
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## *A Fresh New Look!*



Collateral



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Tradeshows



# And Finally.....A New Website





# Government Group Update

Carl Gruenler  
Vice President Government Group

# ATC Government Group



- 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<sup>®</sup>”
  - The Sound of Force Protection<sup>™</sup>
  - The Sound of Mass Notification<sup>™</sup>
  - Creative Engineered Solutions

In common:




*Intelligibility,*

*Directionality,*

*Distance*

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

## AT/FP Non-lethal technology

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

📖 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



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- Department of Defense
- Other government agencies
- Commercial
- Law enforcement
- Critical infrastructure & borders
- International
- In parallel with market development, expand product families, companion technologies & applications

- 📖 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

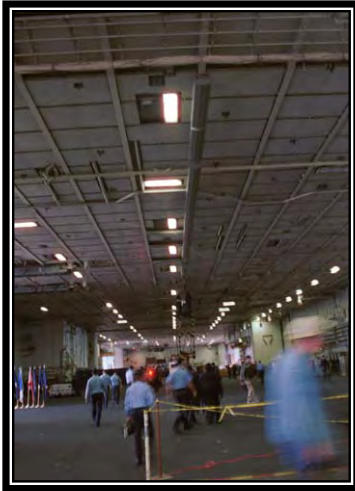
## SoundSaber™

“Cutting through your acoustic challenge”





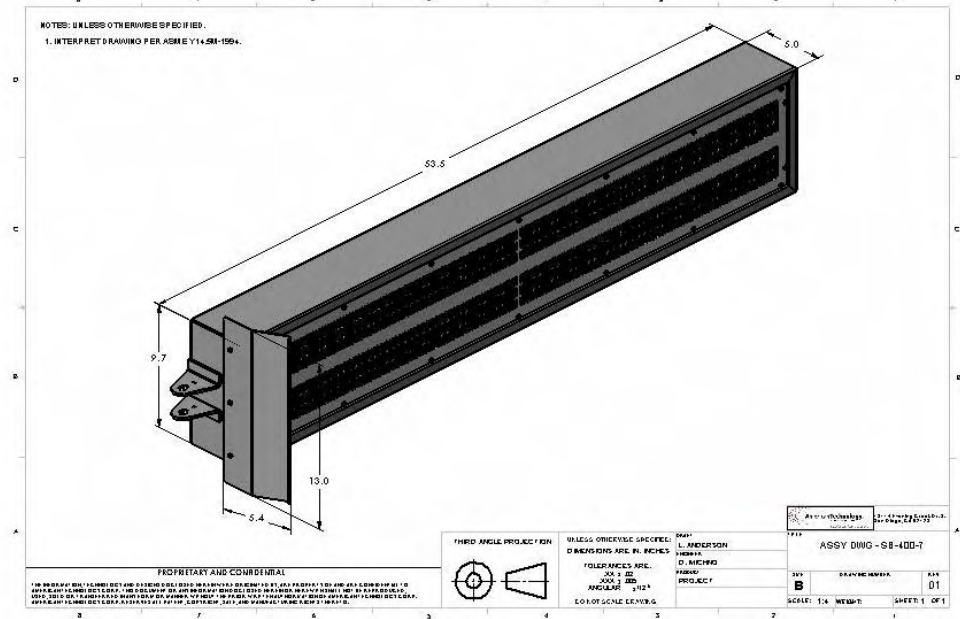
# NeoPlanar® Implementations



U.S. Navy barge test, May05  
Precursor to CVN hangar bay speaker replacement



## 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™



LRAD Program Director  
A.J. Ballard

## LRAD™

***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™ Capability Overview



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- **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

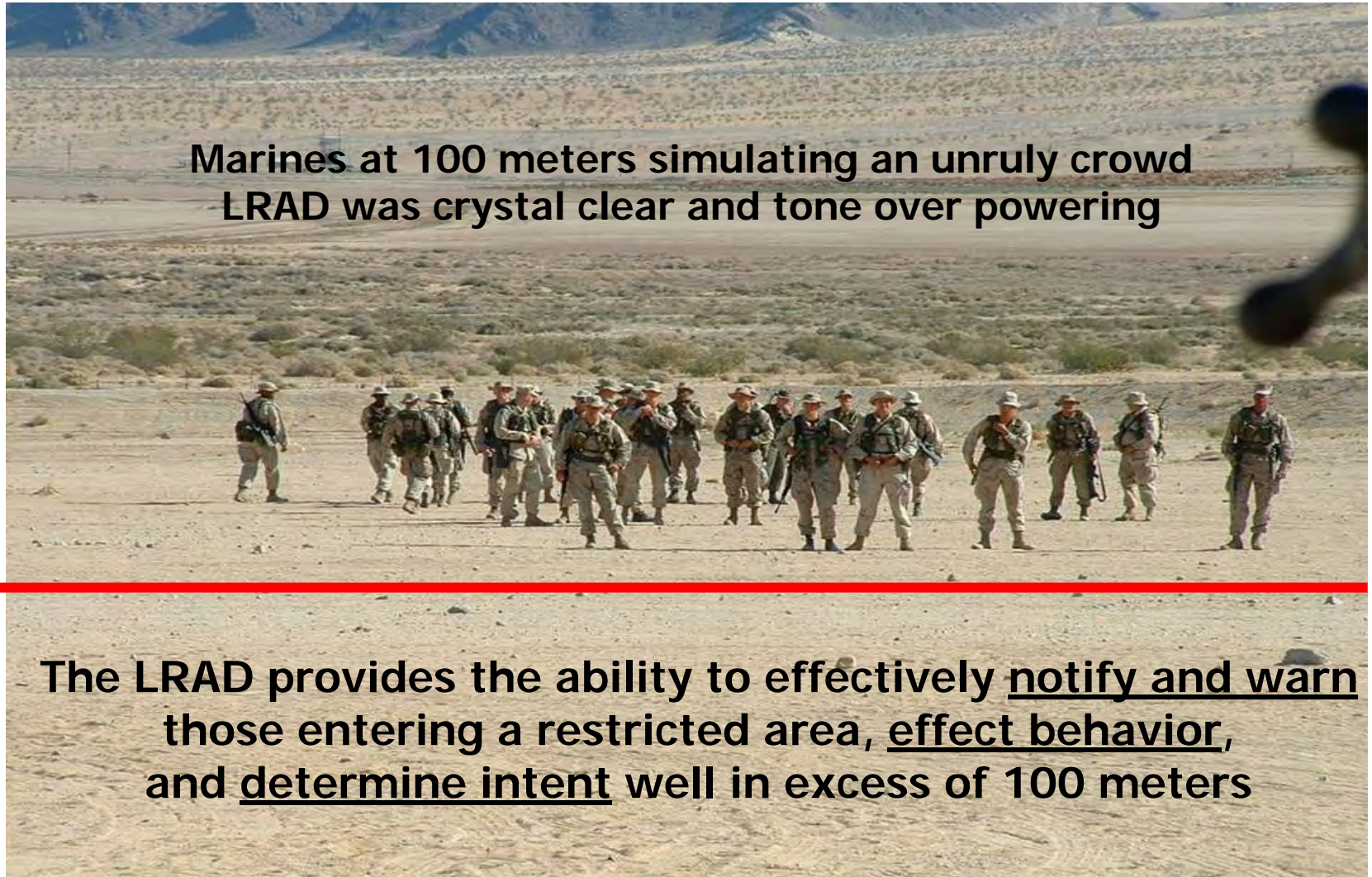


- 📖 Picture taken 500 meters from LRAD
- 📖 Voice and tone were loud, clear, and directional



# 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)

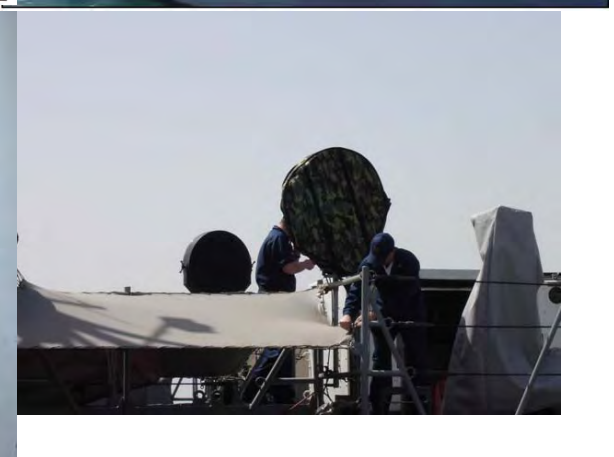




# OIF - USN 5<sup>th</sup> Fleet

(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





## **SNOWE TOUTS LRAD TO RUMSFELD**

Tuesday, March 29, 2005

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



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(Waterside Force Protection)



# Law Enforcement



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(Crowd Control)

## 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

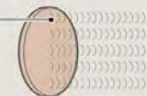
#### Conventional loudspeaker

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 screeching tone



### Effects when used on city street

Sound decreases with distance; intensity at different distances compared to common sounds

**86 dB** 160 ft. (50m)

As loud as trumpet playing

**92 dB** 80 ft (25m)

**100 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

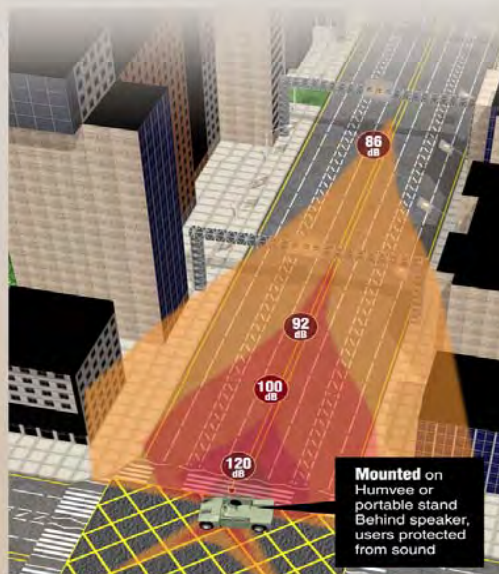
■ New York police will use only for voice commands at 120 decibels

### Military, police uses

■ Controlling civilian crowds in Iraq

■ Protecting Navy ships, Army and Marine convoys

■ Police crowd control, clearing buildings



Mounted on Humvee or portable stand  
Behind speaker, users protected from sound

Note: Decibel scale is exponential; a 10-dB increase represents a 10-fold increase in sound power  
Source: American Technology Corp., University of Texas at San Antonio, AP Graphic: Mark Mattern, Helen Lee McComas

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# Other LRAD Implementations



# LRAD Integrated Capabilities



## Phraselator





**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



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## USS Theodore Roosevelt (CVN-71)



# Remotely Operated LRAD



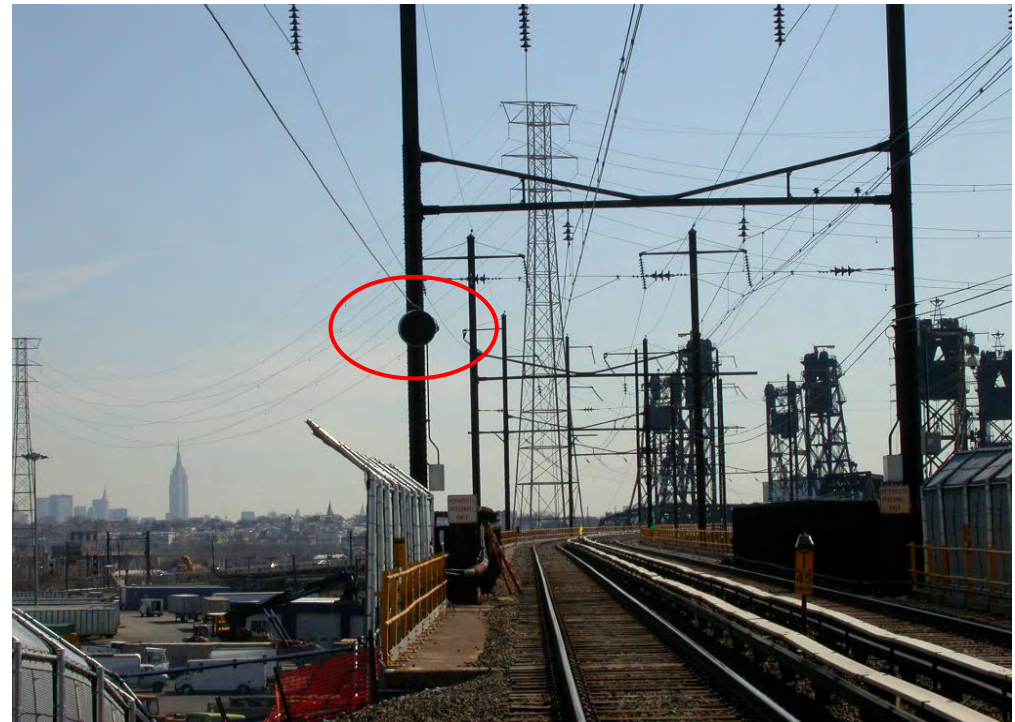
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## PANYNJ Hackensack Bridge



(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





- 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



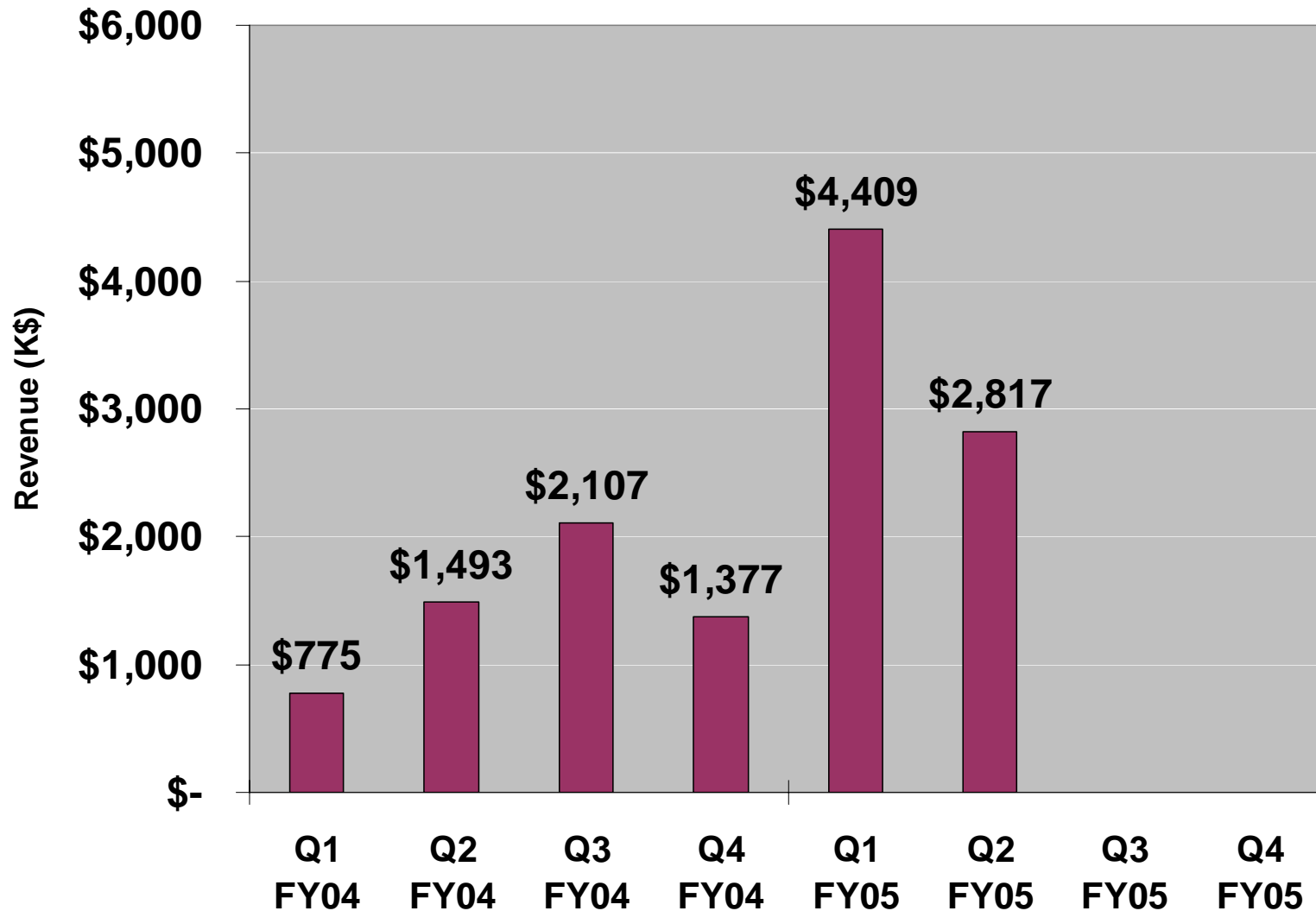
- Government group
  - Will continue to dominate our revenue this fiscal year.
- Commercial Group
  - Expect to announce the first large digital signage deal this calendar year.
- Revenue
  - Lumpy quarter over quarter.
  - Significant year over year revenue growth.

# Quarterly Revenue



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# Annual Revenue



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