

Applied Energetics Issues Follow-up Letter to Shareholders:

Tucson, AZ., May 16, 2018 -- Applied Energetics, Inc. (OTCQB: AERG) today announced that Chief Executive Officer Thomas C. Dearmin has issued the following letter to shareholders.

We invite interested parties to visit us at www.aergs.com

Fellow Shareholders,

Ten days ago, in a letter to Applied Energetics (AE) shareholders, management set forth a number of short-term action plans that would be needed for the successful reconstitution of the company. Since that time, the company has been actively addressing many of these matters in order of importance.

- 1) As we move forward, management's highest priority is the recapitalization of Applied Energetics. In this regard we are pleased to announce the closing of a \$1.65 million-dollar funding for the company with all stock having been subscribed to and subscription agreements in place as of May 11, 2018. Importantly, this will provide management with short term operating capital while also creating flexibility for the next phase of the company's business plan. The funding, which was oversubscribed, involved the sale of 27.5 million shares of common stock at .06 cents, with a lockup period of 6 months. During the funding process, we had many positive interactions with a diverse group of people, including past and current shareholders, high tech investors, the scientific community, areas of the DoD and interested potential corporate teaming partners.
- 2) Equally important is the assessment of corporate debt outstanding. Management has defined six short-term loans that were active, all with highly onerous convertible terms, and all with substantial discounts to market early conversion rights. Additionally, there was an attached warrant with conversion rights at a substantial discount to market. These loans and warrant were put on the corporate books by the previous single executive board and required the company to reserve 108.4 million shares of Applied Energetics common stock. As of today, we are pleased to announce the repayment of all 6 loans outstanding, with no share conversions or dilution to shareholders. The company also made the decision to repurchase the warrant, and that transaction has been finalized.
- 3) Relating to SEC filings, the company filed its year end 2017 Annual Report in a timely manner on April 17, 2018. Additionally, the company filed its 1st Quarter 2018 10-Q in a timely manner on May 15, 2018. These reports are available to shareholders and interested parties at www.sec.gov or via our corporate website www.aergs.com.
- 4) Concerning corporate due diligence on previous company financials and stock transactions, the company is paying special attention to large dilutive events, including issuance of shares that were registered on the company's Registration Statement Form S1, and shares as executive compensation dating from March 2, 2015. The company is proceeding with its investigation and is currently in the process of taking additional steps.
- 5) Pertaining to potential business development, as previously stated, Applied Energetics is actively pursuing new business opportunities. Relating to this matter, management is currently working with our lead scientific consultant, Dr. Stephen McCahon, and members of our Scientific Advisory Board on various corporate matters considered to be critical to the growth of Applied Energetics. Included in these discussions are opportunities involving potentially accretive transactions relating to the company's flagship technology LGE. Furthermore, our corporate team has been reviewing and assessing several potentially new teaming arrangements and complimentary acquisition targets.

- 6) In our last letter, we reviewed and listed 19 patents, all critical to the company and in good standing, and 11 current government sensitive patent applications (GSPA). Since then we have been informed of 7 additional patents, all with payment due notices. Our patent attorney (PA) and our senior scientific advisor have reviewed these patents and deemed them of importance to the future business of the company. As of May 14, 2018, we have instructed our PA that these patents be properly brought current. The newly revised patent list is expected to be 26 patents, and 11 government sensitive patent applications with special rights to the holder (Applied Energetics). The complete updated list will be available on our website, www.aergs.com upon receipt of our payment by the US Patent Office.
- 7) Additionally, management will be on a road trip starting on Thursday, May 17th as we reintroduce the company and LGE to our constituents, beginning with a visit to **CLEO 2018** (Conference on Lasers and Electro-Optics) in San Jose, CA.

In summary, AE's executive team is committed to providing full transparency and updates with respect to important events of the company. Our immediate goal is to leverage the current strength of our patent portfolio and executive team's experience to develop a product road map that enables Applied Energetics to engage with clients on existing and new technologies going forward.

Sincerely,

Thomas C. Dearmin

Thomas C. Dearmin

CEO of Applied Energetics, Inc.

ABOUT APPLIED ENERGETICS INC.

Applied Energetics, Inc., based in Tucson, Arizona, specializes in development and manufacture of advanced high-performance lasers, high voltage electronics, advanced optical systems, and integrated guided energy systems for defense, aerospace, industrial, and scientific customers worldwide. Applied Energetics pioneered and holds all intellectual property rights to the development and use of Laser Guided Energy™ (LGE™) technology, and related solutions for commercial, defense and security applications.

FORWARD LOOKING STATEMENTS

Certain statements in this press release constitute forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements that do not relate solely to the historical or current facts and can be identified by the use of forward looking words such as "may", "believe", "will", "expect", "project", "anticipate", "estimates", "plans", "strategy", "target", "prospects" or "continue", and words of similar meaning. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition and may cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. We do not assume any obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking statements

FOR FURTHER INFORMATION CONTACT:

Thomas C. Dearmin

Chief Executive Officer

949-842-2844 or go to our website www.aergs.com