



## Applied Energetics Issues 2018 Shareholder Letter

Tucson, AZ., April 2, 2019 -- Applied Energetics, Inc. (OTCQB: AERG), today issued a letter to shareholders.

### LETTER TO OUR SHAREHOLDERS

Our Principal Executive Officer has prepared and issued the following letter to our shareholders:

Dear Shareholders:

On behalf of our management team, I would like to present this letter to shareholders of our Company to explain details about important events in 2018 and in the execution of our business plan for 2019 and over the long term.

2018 was a year of transition and great positive change for Applied Energetics Inc. (“AE”). On March 9, 2018, new management for AE was put in place with a victorious proxy by shareholders, removing the Chief Executive Officer (“CEO”) and sole director with cause. Since that time, management has undertaken and completed a series of activities focusing on the reconstitution of the company and its advanced technologies, which include Laser Guided Energy (“LGE”), Laser Induced Plasma Channel (“LIPC”), Advanced Ultra Short-Pulse (“AUSP”) and Counter-IED (“CIED”). The Board of Directors and executive team have more recently executed a plan to address critical areas required to further establish a strong corporate and scientific foundation, create future growth and define the future strategic direction of the company.

### AE Technology and Patents

AE has developed, successfully demonstrated and holds all ownership rights to a dynamic Directed Energy technology called LGE and LIPC. LGE and LIPC are technologies that can be used in a new generation of high-tech weapons. In the market today, two key types of Directed Energy Weapon (“DEW”) technologies exist, High Energy Lasers (“HEL”), and High-Power Microwave (“HPM”). Neither HEL or HPM are owned by a single entity. Now, there is a third DEW technology, LGE. Applied Energetics’s LGE and LIPC technologies are owned by AE, and patent protected with 25 current patents and an additional 11 Government Sensitive Patent Applications (“GSPA”). The company’s GSPA’s are held under secrecy orders of the US government. That is important because government GSPA’s allow AE greatly extended protection rights.

AE’s technology is vastly different from conventional directed energy weapons, i.e. HEL, and HPM. LGE uses Ultra-Short Pulse (USP) technology to combine the speed and precision of lasers with the overwhelming punch of high-voltage electricity. This advanced “man-made lightning” allows extremely high peak power and energy, with target effects tenability, and is effective against a wide variety of potential targets. A key element of LGE is its novel ability to offer selectable and tunable properties that can help protect non-combatants and combat zone infrastructure.

As AE moves toward the future, our business strategy reflects upon the significant value of LGE and LIPC, and includes related technologies involving AUSP and CIED technologies.

**AE's immediate priorities going forward include the following:**

- A. Support R&D efforts:** LGE and LIPC are rapidly expanding technologies and the cornerstone to AE's future, along with unique projects involving AUSP opportunities and counter-IED. These will be the key areas of R&D for 2019. AE's LGE, LIPC and AUSP technologies potentially have many significant new opportunities in a variety of rapidly evolving areas.
- B. Focus on Business Development:** In July 2018, AE launched a targeted business development effort to engage both the US government and existing teaming partners and help communicate the value of AE's intellectual property and corporate capabilities. The company has engaged Westpark Advisors, LLC as a full-time consultant specifically assigned to this effort in the Virginia and Washington D.C. area. To date, Westpark's efforts have produced requests for information and many important introductions to potential AE customers.
- C. Build a Solid Executive Management Team:** AE is currently seeking to appoint a permanent CEO with highly specialized skills and experience in the field of lasers to further AE's rapidly growing and opportunistic technology portfolio and to manage its corporate and scientific affairs. Management has been in discussions concerning this important matter and expects to announce a new CEO before the end of the second quarter of 2019.
- D. Assemble a Highly Specialized Scientific Team:** AE's lead scientist, Dr. Stephen McCahon is a cofounder of Applied Energetics, is highly accomplished in the field of laser technology and recognized in the scientific community. Dr. McCahon is currently in the process of assembling a highly specialized AE scientific team to further optimize areas of the company's targeted growth.
- E. Expand the Board of Directors:** To help facilitate AE's expected future corporate growth, the Board of Directors is expected to expand from 3 to 5 directors.
- F. Opportunities Through M&A:** AE's management and Board of Directors intends to pursue strategic corporate acquisitions in related fields and technology.
- G. Funding for Future Growth:** AE is currently pursuing several avenues to bring institutional sponsorship to help fund the next two years of corporate and R&D growth.

As we move forward in 2019 and beyond, management believes AE's advanced technology business opportunities have never been greater. We recently attended the February 2019 Booz Allen Directed Energy Conference in Washington D.C. During presentations and in discussions concerning Directed Energy, a presenter commented that, "stakeholders attending the summit used to prognosticate that directed energy technology would be deployed to the field in the next "five to 10 years," but thanks to increased federal spending, that number may be down to two or three years. We are right on the cusp of fielding developmental systems that can quickly transition to operational capabilities". ([www.boozallen.com/d/event/directed-energy-summit.html](http://www.boozallen.com/d/event/directed-energy-summit.html))

Through our analysis of the market, and in discussions with potential customers, we would also conclude that customers are becoming more receptive and interested in directed energy technologies. According to the Department of Defense ("DOD"), directed energy spending by the DOD is expected to grow from approximately \$500 million in 2018 to over \$1 billion in 2019, an

increase of 100% year over year. As a result, we continue to be evermore excited about our future and the growing opportunities in directed energy applications. With our existing patent portfolio, and through further advancements of our technologies, we believe there is an opportunity for us to become a leading and successful developer in the marketplace. Finally, with our team of dedicated professionals and ambitious scientists, along with a supportive shareholder base, we also believe that the future and timing of the company has never been better than it is today. We look forward to a successful year.

Sincerely,

**Brad Adamczyk**

**Principal Executive Officer**

#### **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 crucial intellectual property rights to the development and use of Laser Guided Energy (LGE) technology, and related solutions for commercial, defense and security applications. For more information, visit [www.aergs.com](http://www.aergs.com)

#### **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

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