

# QUARTERLY UPDATE

## Business Update and Third Quarter Fiscal 2012 Financial Results

### Snapshot

September 18, 2012

LRAD Corp. (“the Company”) develops and markets acoustic hailing devices (AHD) that support the delivery and intelligibility of audio broadcasts over long ranges. The Company’s Long Range Acoustic Device® (LRAD®) technology uses advanced sound reproduction technologies and novel acoustic materials to broadcast authoritative and highly intelligible instructions, warnings, alarms, and other sounds over several miles. LRAD® improves upon traditional speaker systems and megaphones by directing sound only where needed. Similar to a spotlight, which produces an intense beam of targeted light, each LRAD® system delivers a focused, directional audio broadcast. The beam width, frequency range, and maximum continuous output of LRAD® devices can be adjusted to target individuals, small groups, and large crowds at various ranges. LRAD Corp.’s versatile product portfolio has a range of applications, including public safety, law enforcement, military, commercial security, and wildlife and asset protection.

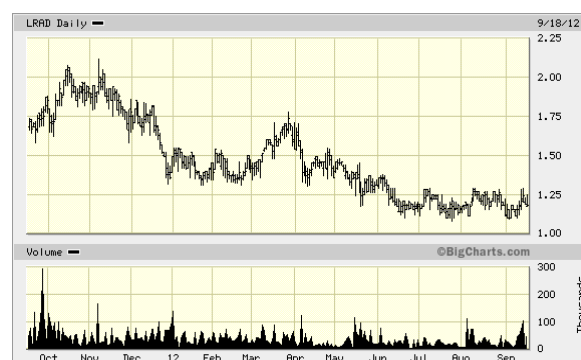


### LRAD Corp.

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### Recent Financial Data

Ticker (Exchange)	LRAD (NASDAQ)
Recent Price (09/18/2012)	\$1.18
52-week Range	\$1.08 - \$2.12
Shares Outstanding*	~32.4 million
Market Capitalization	~\$38 million
Average 3-month Volume	29,030
Insider Owners + 5%	25.8%
Institutional Owners	28.0%
EPS (quarter ended 06/30/2012)	\$0.01 (diluted)
Employees	37



\* As of July 31, 2012.

### Key Points

- Supported by greater demand from the U.S. military, LRAD Corp. reported revenues of \$3.2 million in the fiscal third quarter ended June 30, 2012, versus \$2.4 million for the prior year’s period. The Company’s fiscal year ends September 30. To accommodate increased sales, the Company has moved its corporate offices into a new facility with greater manufacturing capacity.
- In the second half of FY 2012, military sales have gained momentum as the government nears the end of its fiscal year (Sept. 30) and elects to spend remaining budget allowances. Following \$1.5 million in U.S. military orders in April and May 2012, LRAD Corp. received a \$1.9 million order from the U.S. Army Reserves in August 2012 and a \$487,000 order from the Army National Guard in September 2012 for LRAD® systems and support equipment.
- LRAD Corp. has expanded its product line to include the LRAD 360X™, which provides uniform 360-degree broadcasts in support of effectively delivering mass notifications and emergency warnings. The Company has shipped its first LRAD 360X™ order as a trial mass notification system for earthquake and tsunami warnings.
- Law enforcement and public safety continue to represent key markets for LRAD Corp. In September 2012, LRAD Corp. secured its largest order to date for domestic law enforcement and emergency responders with a \$468,000 order for LRAD® systems and support equipment. The Company was also awarded a \$378,000 order for LRAD 500X™ systems to be used on national police special operations vehicles in the Middle East.
- In August 2012, the Company expanded its Board of Directors to include Bill VanDeWeghe, who has broad experience across the defense, business, and legal sectors.
- As of June 30, 2012, LRAD Corp. had cash and cash equivalents of nearly \$14.4 million.

## Recent Events and Financial Results

### Recent Events

An overview of the Company's recent announcements is provided below, referring the reader to LRAD Corp.'s website for complete press releases ([www.lradx.com](http://www.lradx.com)).

- *On September 13, 2012*, LRAD Corp. was awarded a \$378,000 order from a nation in the Middle East for LRAD 500X™ systems to be deployed on national police special operations vehicles.
- *On September 12, 2012*, LRAD Corp. announced that it received a \$487,000 order from the Army National Guard for LRAD 100X™, LRAD 300X™, and LRAD 500X™ systems and support equipment, including wireless kits.
- *On September 6, 2012*, LRAD Corp. announced that it received a \$468,000 order for LRAD 100X™, LRAD 300X™, LRAD 500X™, LRAD 1000Xi™, and LRAD-RX® systems and support equipment from Nashville Metro, the governing body for Nashville and Davidson counties in Tennessee, representing its largest order to date for domestic law enforcement and emergency responders.
- *On August 21, 2012*, LRAD Corp. announced that Bill VanDeWeghe joined the Company's Board of Directors as well as replaced Admiral Ray Smith on the Compensation Committee. Admiral Smith continues to serve on the Board's Audit Committee.

Mr. VanDeWeghe is a managing director at RA Capital Advisors LLC where he heads the firm's defense industry team, developing strategies for clients and executing all facets of M&A transactions and financings. Mr. VanDeWeghe focuses on companies providing hardware, software, and services for defense, homeland security, and intelligence agency support. Mr. VanDeWeghe is also a senior strategic advisor and independent consultant for McKenna Long & Aldridge LLP's (MLA) San Diego office. Working with MLA's multi-disciplinary team of attorneys across the country, Mr. VanDeWeghe advises and assists companies with corporate matters, business disputes, government contracting, and political issues. Prior to joining RA Capital Advisors in 2006, Mr. VanDeWeghe was a litigator for 15 years and a shareholder with a law firm where he worked with a variety of companies and professionals throughout Southern California assisting with numerous issues affecting their businesses. Mr. VanDeWeghe served as an artillery officer on active duty in the U.S. Army from 1983 to 1987, followed by a position commanding a firing battery in the Virginia National Guard. He was the Republican Party nominee for the U.S. Congress, 53<sup>rd</sup> Congressional District in 2002. Mr. VanDeWeghe earned a Bachelor's degree at Princeton University and a law degree at the Marshall-Wythe School of Law at the College of William and Mary. He is a FINRA-registered securities representative.

- *On August 7, 2012*, the Company announced profitable fiscal results for the three and nine months ended June 30, 2012 (summarized on page 3).
- *On August 7, 2012*, LRAD Corp. also announced that it received a new \$1.9 million order from the U.S. Army Reserves for LRAD 500X™ and LRAD 100X™ systems and support equipment, including vehicle mounts and wireless kits.
- *On July 26, 2012*, the Company announced that it received an LRAD 2000X™ systems order for a foreign border trial installation.
- *On June 21, 2012*, LRAD Corp. announced that it shipped its first LRAD 360X™ order to an Asian customer for a trial earthquake and tsunami warning mass notification installation.

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## Financial Results

On August 7, 2012, LRAD Corp. reported financial results for its third quarter ended June 30, 2012. The Company's fiscal year (FY) ends September 30.

### *For the Three Months Ended June 30, 2012*

LRAD Corp.'s revenues were nearly \$3.2 million in the fiscal third quarter ended June 30, 2012, versus roughly \$2.4 million for the prior year's period. The increase was mainly the result of greater demand from the U.S. Army.

Supported by higher revenues, the Company's gross profit for the third quarter fiscal year (FY) 2012 increased to approximately \$1.6 million versus nearly \$905,000 for the year-ago timeframe, representing 50% and 38% of revenues, respectively.

LRAD Corp.'s operating expenses were more than \$1.5 million for the three months ended June 30, 2012, versus roughly \$1.6 million for the corresponding FY 2011 quarter. The decrease reflects a reduction of \$160,000 and \$62,000 in bonus and commission expenses, respectively, as well as a \$103,000 increase in non-cash, share-based compensation expense.

The Company reported a net income of over \$200,000, or \$0.01 per diluted share, for its third quarter FY 2012, versus a net loss of nearly \$684,000, or (\$0.02) per diluted share, for the same timeframe in FY 2011.

### *For the Nine Months Ended June 30, 2012*

LRAD Corp. reported revenues for the nine months ended June 30, 2012, of nearly \$9.2 million, down from revenues of roughly \$20.1 million for the corresponding 2011 timeframe, which included a \$12.1 million foreign military order delivered in the quarter ended March 31, 2011, that was not replaced in the current period.

The Company's gross profit for the nine-month period in FY 2012 decreased to approximately \$4.6 million from roughly \$12.8 million for the same timeframe in FY 2011, accounting for 51% and 64% of revenues, respectively. LRAD Corp. attributed the reduction to effects of the foreign military order.

For the nine months ended June 30, 2012, LRAD Corp.'s operating expenses were approximately \$4.6 million versus over \$8.1 million in the year-ago period, which had included various commission expenses related to the large foreign military order as well as bonus expenses for meeting yearly performance targets that were not achieved in the current period.


The Company's net income for the nine-month period in FY 2012 was more than \$222,000, or \$0.01 per diluted share, versus a net income of nearly \$4.7 million, or \$0.15 per diluted share, for the same timeframe in FY 2011.

As of June 30, 2012, LRAD Corp. had cash and cash equivalents of nearly \$14.4 million.

## Company Background

LRAD Corp. develops and markets novel directed acoustic hailing devices (AHDs) that are designed to improve communication between the user and the target audience (individuals or groups). The Company's suite of AHD products (illustrated in Figure 1) is based on its proprietary Long Range Acoustic Device® (LRAD®) platform, which employs a novel combination of sound reproduction technologies and acoustic materials to project highly intelligible speech and other sounds over long ranges. In addition, the Company has added the omni-directional LRAD 360X™ to its product portfolio (overviewed on page 6). To the Company's knowledge, each LRAD® model presents the loudest and most intelligible AHD in its size and weight category.

Figure 1  
LRAD® PRODUCT LINE



Model	LRAD 2000X™	LRAD-RX®	LRAD 1000™	LRAD 500X™	LRAD 300X™	LRAD 100X™
Application	Fixed Infrastructure	Fixed Infrastructure	Fixed Infrastructure/ Large Vehicles	Large Vehicles	Medium to Large Vehicles	Handheld/ Man Portable
Max dB	162 dB	153 dB	153 dB	149 dB	143 dB	137 dB
Max Range	8,900+ m	3,000+ m	3,000+ m	2,000+ m	1,500+ m	700+ m

Source: LRAD Corp.

Similar to a beam of light from a spotlight, LRAD® produces a focused, directional beam of sound, which can be broadened or narrowed as needed. The Company's product line meets a broad range of requirements for communicating to and deterring potential threats, from the hand-held LRAD 100X™ to the LRAD 2000X™, which is capable of broadcasting a clear message up to 8,900 meters (roughly 5.5 miles).

Since first-generation LRAD® products were released in 2003, LRAD® systems have been deployed by the U.S. Army, Navy, Marines, and Coast Guard, as well as commercial vessels and public safety organizations worldwide. Providing an effective means to hail, warn, and communicate to individuals or groups enables troops, sailors, law enforcement, and security personnel (among others) to better establish and maintain safety and standoff zones. As well, LRAD® systems provide time and distance for military personnel to determine the intent of and react to approaching threats.

While LRAD® systems may be used by various military branches and law enforcement as a defensive tool in high-tension environments (e.g., riots, wars), the products are designed to serve as communications devices—not acoustic weapons. When operated correctly, the broadcast levels for LRAD® systems are purposely kept below the threshold that could result in permanent hearing damage from brief exposure. While prolonged exposure can cause damage (similar to fire sirens or rock concerts), the sound at close range causes most people to experience discomfort, cover their ears, and move away. The simple act of covering one's ears with hands reduces the volume by roughly 25 decibels (dB).

To date, LRAD® systems have been deployed in over 60 countries across North America, South America, Europe, Asia, Africa, and Australia. LRAD Corp.'s AHDs have U.S. General Services Administration (GSA) approval. As well, many of the Company's products have NATO stock numbers—including the LRAD 100X™, 300X™, 500X™, and 1000X™.

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## Applications for LRAD® Technology

LRAD® fills a critical communications gap for a number of global applications. Today, LRAD® systems have been used in fixed and mobile military deployments, maritime security, critical infrastructure and perimeter security, commercial security, border and port security, law enforcement and emergency responder communications, and wildlife preservation and control. The ability to operate LRAD® remotely further broadens the device's potential. For instance, its uses include securing unmanned oil platforms or unmanned vehicles, where operation from the safety of a command and control center is preferred.

The Company classifies these applications into four target markets: (1) public safety; (2) military; (3) commercial security; and (4) wildlife and asset protection. Each of these key sectors is overviewed on pages 22-38 of the base Executive Informational Overview® (EIO) on LRAD Corp. issued February 13, 2012, and available at [www.crystalra.com](http://www.crystalra.com).

In the first half of the Company's 2012 fiscal year, public safety/law enforcement sales represented the majority of LRAD Corp.'s revenues. The Company anticipates that it could achieve higher revenues during the fiscal second half due to increased demand for LRAD® systems based on U.S. and foreign military orders to date and continued penetration of its systems into public safety, commercial security, and wildlife and asset protection markets globally.

### Public Safety/Law Enforcement Sales Continue During the Second Half of FY 2012

Law enforcement and public safety sales represented a significant portion of the Company's revenues in the first half of LRAD Corp.'s 2012 fiscal year and continued during the second half of FY 2012. LRAD® can be a critical part of the layered defense/escalation of force strategy for law enforcement and government agencies trying to control protests, riots, or other large crowd scenarios, serving as a personnel multiplier when a limited number of officers are available and helping to fill the communications gap between megaphone (or "bullhorn") warnings—which may not be heard or understood by all participants—and non-lethal force (e.g., batons, rubber bullets).

In September 2012, Nashville Metro, the governing body for Tennessee's Nashville and Davidson counties, placed a \$468,000 order for LRAD 100X™, LRAD 300X™, LRAD 500X™, LRAD 1000Xi™, and LRAD-RX® systems and support equipment. This order represents the Company's largest order to date for domestic law enforcement and emergency responders.

LRAD Corp. was also awarded a \$378,000 order in September 2012 from a nation in the Middle East for LRAD 500X™ systems to be deployed on national police special operations vehicles.

Largely due to its use in public safety and law enforcement, LRAD Corp.'s technology has been featured on the *Tonight Show with Jay Leno*, KTLA 5 News (Los Angeles), ABC7 News (Chicago), as well as in a webisode of AOL *Digital Justice* (available at <http://on.aol.com/video/lrad---long-range-acoustic-hailing-devices-517331597>). The Company's products also received publicity after use during the 2009 G20 Summit in Pittsburgh, the Occupy Wall Street movement in New York and Los Angeles in late 2011 (<http://idealab.talkingpointsmemo.com/2011/11/lrad-explains-sound-cannon-use-at-occupy-wall-street.php>), and at the 2012 Summer Olympics in London, and were used by the Chicago Police Department to communicate to crowds during the 2012 NATO Summit. Beyond protests, public safety, and crowd control, the Company anticipates that its products could be beneficial in a number of additional law enforcement scenarios, including SWAT operations, potential suicide situations, serving warrants, removing barricaded subjects, conducting DUI checkpoints, warning residents of imminent weather-related or man-made danger, and giving instructions large community events (among others), improving communication and often reducing the number of law enforcement and security personnel required. LRAD® systems can also be temporarily or permanently mounted on police and emergency responder vehicles.

## **Military Sales Are Gaining Momentum in the Second Half of FY 2012**

While revenues in the first half of 2012 were largely supported by law enforcement sales, military sales typically gain momentum as the government nears the end of its fiscal year (September 30) and elects to spend remaining budget allowances. LRAD® systems help protect armed services personnel by facilitating long-range communication, enabling soldiers and sailors to unequivocally determine intent, while providing them time and distance to scale their response.

In August 2012, LRAD Corp. received a new \$1.9 million order from the U.S. Army Reserves encompassing LRAD 500X™ and LRAD 100X™ systems and support equipment, including vehicle mounts for and wireless kits. The Company reports that its LRAD® devices continue to be the AHD of choice for the U.S. Army Reserves for vehicle mounted solutions. The vehicle mounts can be used to equip military vehicles, such as mine-resistant ambush protected (MRAP) vehicles and high mobility multipurpose wheeled vehicles (HMMWVs), with LRAD® systems, providing Army personnel with more options in critical situations.

In September 2012, LRAD Corp. received a new \$487,000 order from the Army National Guard for LRAD 100X™, LRAD 300X™, and LRAD 500X™ systems and support equipment, including wireless kits for use in international, domestic, and regional actions and emergencies.

These orders follow \$1.1 million in orders from the U.S. military for LRAD 100X™, LRAD 300X™, and LRAD 500X™ systems and support equipment during May 2012, as well as a \$400,000 order by the U.S. Navy for LRAD 500X™ systems and Scram Carts in April 2012.

### *The U.S. Navy Has Issued a New Request for Proposal (RFP) for Acoustic Hailing Devices*

The U.S. Navy has been a customer of LRAD Corp. since 2003, employing LRAD® systems as part of its escalation-of-force protocol to help protect sailors and keep civilians safe during uncertain situations at sea. LRAD Corp. reports that the Navy is using its full line of LRAD® systems, and estimates that its technologies have been deployed on many of the Navy's large ships. LRAD® products have been competitively selected over other commercially available systems by U.S. and foreign militaries. In 2007, the Company won a multiyear contract after the U.S. Navy issued a RFP, a process in which companies competitively bid for the variable contract.

Operating on five-year cycles, the U.S. Navy issued a new RFP in April 2012 for between four and 1,300 small, medium, and large acoustic hailing devices, which equates to LRAD Corp.'s LRAD 100X™, 500X™, and 1000X™ systems, respectively—over the next five years. The Company has completed and submitted its bid and believes the contract could be awarded before the end of the government's fiscal year (September 30).

LRAD Corp. reports that the U.S. Navy has purchased over 450 LRAD® systems to date resulting in approximately \$14 million in sales for the Company.

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## Trial Installations and Novel Products Support Expansion into New Target Markets

LRAD Corp. reports that it continues to receive positive responses and increased global acceptance of its expanding LRAD-X® product line, including LRAD 360X™ (shown in Figure 2). Unlike other LRAD® systems, the LRAD 360X™ is able to broadcast sirens and voice messages 360 degrees and up to two miles, making it ideal for emergency/warning mass notification systems for severe weather events, natural disasters, or man-made emergencies. The LRAD 360X™ is targeted for a number of markets, including campuses, border and perimeter security, tsunami, hurricane, and tornado warning systems, bird safety and control, and asset protection.

Unlike most existing emergency warning systems, which only emit sirens, the LRAD 360X™ broadcasts highly intelligible voice messages to provide specific warnings and instructions to the effected populace before, during, and after severe weather events, natural disasters, and man-made emergencies.



As the Company prepares to enter new markets, LRAD Corp. is securing trial installations, which allow customers to use LRAD® and analyze the benefits of its systems in new applications or regions. During the third quarter ended June 30, 2012, the Company shipped its first LRAD 360X™ order to an Asian customer for a trial mass notification/warning installation for broadcasting earthquake and tsunami warnings.

As well, in July 2012, LRAD Corp. received an LRAD 2000X™ systems order as part of a trial installation to help secure a foreign border in a humane and cost-effective manner. If successful, the Company could receive additional follow-on orders. The LRAD 2000X™ is capable of delivering voice broadcasts over five miles and, to the Company's knowledge, is currently the world's loudest AHD.

### *Additional Market Opportunity: Campus Security*

LRAD Corp. is focused on creating new markets for its products, increasing sales and marketing activities worldwide, and continuing investments in product development. In addition to its existing markets, LRAD Corp. has also identified market opportunities for university campuses. The Company reports that there have been a number of incidents on campuses during outdoor and stadium events that could have likely been avoided by improving communication between campus police and participants. As a result, campus security is increasingly seeking out means beyond bullhorns to deliver loud, understandable instructions to crowds over large areas very quickly as well as to ensure that everyone who is attending these events understands what is expected of them.

## Maritime Security Sales and Continuing Global Concern over Terrorist and Piracy Threats

Maritime piracy continues to be a major concern globally, costing an estimated \$7 billion to \$12 billion annually for ransoms, insurance premiums, protection by naval forces and armed guards, and extra fuel for faster steaming or rerouting ships (Source: *The National*, the Abu Dhabi Media company's first English-language publication, May 14, 2012). Despite current security measures, the International Maritime Bureau (IMB) received reports of 439 pirate attacks globally during 2011, slightly down from 445 incidents in 2010. In total, 113 vessels were fired upon, 176 ships were boarded, 45 vessels were hijacked, over 800 crew members were taken hostage, and eight people were killed (Source: the IMB's Piracy Reporting Centre, January 19, 2012). In total, pirates accumulated an estimated \$160 million in ransom for the return of ships, cargo, and crew (Source: *The National*, May 14, 2012).

Historically, when a suspicious vessel fails or refuses to respond to radio calls, warning shots may be fired by the merchant or by Privately Contracted Armed Security Personnel (PCASP). However, the effectiveness of warning shots is questionable due to the loud and sometimes chaotic marine environment (Source: *The Maritime Executive*, April 27, 2012). LRAD® systems can bridge this gap by serving both as a long-range communication device and a non-lethal deterrent. In particular, LRAD® systems can be used to initiate escalation-of-force protocols by delivering warnings, instructions, and deterrent tones over long ranges. LRAD™ systems help armed security forces

avoid accidental shooting incidents by aiding in determining the intent of an approaching threat while providing time and distance to scale a response.

Most recently, in May 2012, LRAD Corp. received a \$1.7 million LRAD-RX® order for Asian maritime security. The Company expects to begin delivering product during fiscal 2012, and continuing into the Company's 2013 fiscal year.

### **Corporate Information**

LRAD Corp. was founded in 1980 and underwent a recapitalization in 1992. After launching its first directed sound technology in 1996, the Company began engineering sound solutions to address the needs of the commercial, government, and military markets. Since 1996, LRAD Corp. has developed novel acoustic products to project, focus, shape, and control sound. In 2010, the Company changed its name from "American Technology Corp." to "LRAD Corp." and spun off its hypersonic sound (HSS) business, Parametric Sound Corp. (PAMT-NASDAQ), as an independent, publicly traded entity. LRAD Corp.'s shares of Common Stock trade on the NASDAQ Capital Market under the symbol "LRAD."

#### *Headquarters and Employees*

In the third quarter FY 2012, LRAD Corp. moved its corporate headquarters to a new facility with increased manufacturing capacity. The new address is 16990 Goldentop Road, San Diego, California 92127.

As of June 30, 2012, LRAD Corp. employed 37 full-time individuals. The Company has continued strengthening its selling network through the addition of in-house business development personnel as well as key integrators and sales representatives within the U.S. and abroad. The Company also contracts technical and production personnel and outside consultants as needed.



## Key Points to Consider

- LRAD Corp. designs and develops novel products that allow customers to broadcast loud, crystal clear messages over long distances. The Long Range Acoustic Device® (LRAD®) platform uses proprietary sound reproduction technologies and acoustic materials to produce a directed, focused acoustic beam that can reach up to 3,000 meters for large vehicles/vessels or up to 8,900 meters in fixed infrastructure applications.
- Since 2003, LRAD Corp.'s systems have been deployed by the U.S. Army, Navy, Marines, and Coast Guard, as well as on commercial vessels and through public safety organizations worldwide.
- The Company has broadened its products' application to include all branches of the military, public safety (e.g., law enforcement, government), commercial security, wildlife and asset protection (e.g., wind farms, airports, tailing ponds), and university campuses, among other expanding markets globally.
- Law enforcement and public safety represent key markets for LRAD Corp. In September 2012, the Company secured its largest order to date for domestic law enforcement and emergency responders with a \$468,000 order for LRAD® systems and support equipment placed by Nashville Metro, the governing body for Tennessee's Nashville and Davidson counties. LRAD Corp. was also awarded a \$378,000 order from a nation in the Middle East for LRAD 500X™ systems to be deployed on national police special operations vehicles.
- LRAD Corp. has stated that it anticipates achieving higher revenues during the fiscal second half as military sales gain momentum, particularly as the government nears the end of its fiscal year (September 30). Following \$1.5 million in orders by the U.S. military in April and May 2012, LRAD Corp. received a new \$1.9 million order from the U.S. Army Reserves in August 2012 and a \$487,000 order from the Army National Guard in September 2012 for LRAD® systems and support equipment.
  - Moreover, LRAD Corp. has completed and submitted its proposal to the U.S. Navy in response to a Request for Proposal (RFP) for between four and 1,300 small, medium, and large acoustic hailing devices over the next five years. While the Company must compete to win the bid, LRAD Corp. believes that the experiences of winning a previous bid in 2007 and having delivered over 450 LRAD® systems to date to the U.S. Navy provides the Company with a significant competitive advantage.
- LRAD® products can also be deployed to help secure perimeters and protect infrastructure on land and at sea. In July 2012, LRAD Corp. received an LRAD 2000X™ systems order as part of a trial installation to help secure a foreign border. If successful, the Company could receive additional follow-on orders.
- To date, LRAD® systems have been deployed in over 60 countries across North America, South America, Europe, Asia, Africa, and Australia.
- LRAD Corp. seeks to continually upgrade and enhance its product portfolio. Most recently, the Company expanded its product line to include the LRAD 360X™, which provides uniform 360-degree broadcasts in support of effectively delivering mass notifications and emergency warnings. During the third quarter ended June 30, 2012, the Company shipped its first LRAD 360X™ order to an Asian customer for a trial mass notification/warning installation to be used before, during, and after earthquakes and tsunamis.
- LRAD Corp. expanded its Board of Directors to include Bill VanDeWeghe, who has broad experience across the defense, business, and legal sectors.
- Supported by greater demand from the U.S. Army, LRAD Corp. reported revenues of \$3.2 million in the fiscal third quarter ended June 30, 2012, up 33% from \$2.4 million in the prior year's period.
- As of June 30, 2012, LRAD Corp. had cash and cash equivalents of nearly \$14.4 million.

## Risks

Some of the information in this Quarterly Update relates to future events or future business and financial performance. Such statements can only be predictions and the actual events or results may differ from those discussed due to the risks described in LRAD Corp.'s statements on Forms 10-K, 10-Q, 8-K, as well as other forms filed from time to time. The content of this update with respect to the Company has been compiled primarily from information available to the public released by LRAD Corp. through news releases, Annual Reports, and U.S. Securities and Exchange Commission (SEC) filings. LRAD Corp. is solely responsible for the accuracy of this information. Information as to other companies has been prepared from publicly available information and has not been independently verified by the Company. Certain summaries of activities have been condensed to aid the reader in gaining a general understanding. For more complete information about LRAD Corp., please refer to the Company's website at [www.lradx.com](http://www.lradx.com). Additionally, please refer to Crystal Research Associates' base report, the Executive Informational Overview® (EIO) dated February 13, 2012, and located on Crystal Research Associates' website at [www.crystalra.com](http://www.crystalra.com) for more comprehensive details of LRAD Corp.'s risk factors.

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# Crystal Research

a s s o c i a t e s

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**Legal Notes and Disclosures:** This Quarterly Update has been prepared by LRAD Corp. (or “the Company”) with the assistance of Crystal Research Associates, LLC (“CRA”) based upon information provided by the Company. CRA has not independently verified such information. In addition, CRA has been compensated in cash of forty thousand dollars for its services in creating the Executive Informational Overview® (EIO), for updates, and for printing costs.

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