

LRAD Corp  
Form DEFR14A  
January 29, 2019

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the  
Commission Only  
(as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material under §240.14a-12

**LRAD Corporation**

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(Name of Registrant As Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No Fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**EXPLANATORY NOTE**

This Amendment No. 1 to Schedule 14A (“Amendment No. 1”) is being filed to amend LRAD Corporation’s definitive proxy statement for its 2019 Annual Meeting of Stockholders that was filed with the Securities and Exchange Commission on January 25, 2019 (the “Original Filing”), in order to correct two inadvertent errors contained in the Original Filing: (a) to update the first bullet under the second paragraph of the Corporate Governance disclosure to indicate that “A majority of our Board members are independent of our company and our management” and (b) to insert a page reference on the Notice of Annual Meeting of Stockholders included in the Original Filing. Except as specifically discussed in this Explanatory Note, this Amendment No. 1 does not otherwise modify or update any other disclosures presented in the Original Filing. In addition, this Amendment No. 1 does not reflect events occurring after

the date of the Original Filing or modify or update disclosures that may have been affected by subsequent events.

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16262 West Bernardo Drive  
San Diego, California 92127  
(858) 676-1112

January 25, 2019

Dear Fellow Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders on Tuesday, March 12, 2019, at 9:00 a.m. local time at our principal offices located at 16262 West Bernardo Drive, San Diego, California 92127. The business to be conducted at the Annual Meeting is explained in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

The accompanying materials include the Notice of Annual Meeting of Stockholders and Proxy Statement. The Proxy Statement describes the business that we will conduct at the Annual Meeting. It also provides information about us that you should consider when you vote your shares.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted. We urge you to read the accompanying Proxy Statement carefully and vote as soon as possible. You may vote your shares by completing, signing, dating and returning the proxy card today. For your convenience, you may also vote your shares via the Internet or by telephone by following the instructions on the proxy card or by voting in person at the Annual Meeting. If you decide to attend the Annual Meeting and you are a registered stockholder, you will be able to vote in person, even if you have previously submitted your proxy.

Thank you for your support and continued interest in LRAD Corporation.

Sincerely,

/s/ John G. Coburn

General John G. Coburn  
Chairman of the Board

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16262 West Bernardo Drive  
San Diego, California 92127  
(858) 676-1112

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MARCH 12, 2019**

TO THE STOCKHOLDERS OF LRAD CORPORATION:

**NOTICE IS HEREBY GIVEN** that the Annual Meeting of Stockholders of **LRAD Corporation**, a Delaware corporation (the “Company”), will be held on March 12, 2019 at 9:00 a.m. local time, at our principal offices located at 16262 West Bernardo Drive, San Diego, California 92127, for the following purposes:

1. To elect six directors to serve for the ensuing year and until their successors are elected;
2. To ratify the appointment of Squar Milner LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2019;
3. To consider an advisory vote on the compensation of our named executive officers; and
4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

I strongly encourage you to sign up for electronic delivery of our future annual reports and proxy materials in order to conserve natural resources and help us save costs in producing and distributing these materials. For more information, please see “Electronic Delivery of Proxy Materials and Annual Reports” on page 18 of the Proxy Statement.

The Board of Directors has fixed the close of business on January 15, 2019 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. Stockholders of record present at the Annual Meeting or who have submitted a valid proxy via the Internet, by

telephone or by mail will be deemed to be present in person to vote at the Annual Meeting.

By Order of the Board of Directors,

/s/ John G. Coburn

General John G. Coburn  
Chairman of the Board

San Diego, California

January 25, 2019

**ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.**

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MARCH 12, 2019.**  
THE PROXY STATEMENT, FORM OF PROXY AND THE ANNUAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018 ARE AVAILABLE AT [www.proxyvote.com](http://www.proxyvote.com)





**LRAD CORPORATION**

16262 West Bernardo Drive, San Diego, California 92127  
(858) 676-1112

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**PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS**

To be held on March 12, 2019

**INFORMATION CONCERNING SOLICITATION AND THE ANNUAL MEETING**

This Proxy Statement and the accompanying proxy card are being furnished in connection with the solicitation by the Board of Directors (the “Board”) of LRAD Corporation, a Delaware corporation, of proxies for use at the 2019 Annual Meeting of Stockholders to be held on March 12, 2019, at 9:00 a.m. local time (the “Annual Meeting”), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at our principal offices located at 16262 West Bernardo Drive, San Diego, California 92127.

We intend to mail or electronically deliver this Proxy Statement, the accompanying proxy card and Notice of Annual Meeting on or about January 30, 2019 to all stockholders of record entitled to vote at the Annual Meeting.

**QUESTIONS AND ANSWERS REGARDING THE ANNUAL MEETING AND PROXY STATEMENT**

**What is a proxy?**

A proxy is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. Richard S. Danforth, Chief Executive Officer, and Dennis D. Klahn, Chief Financial Officer and Secretary (the “proxyholders”), have been designated as proxies for the Annual Meeting.

## **What is a Proxy Statement?**

A Proxy Statement is a document that the regulations of the Securities and Exchange Commission (“SEC”) require us to give you when we ask you to sign a proxy card designating the proxyholders as proxies to vote on your behalf. The Proxy Statement includes information about the proposals to be considered at the Annual Meeting and other required disclosures including information about our Board and executive officers.

## **Who can vote at the Annual Meeting?**

We have designated a record date of January 15, 2019 for the Annual Meeting. Only stockholders of record at the close of business on the record date will be entitled to notice of and to vote at the Annual Meeting. At the close of business on January 15, 2019, we had outstanding and entitled to vote 32,612,101 shares of common stock. On all matters to be voted upon at the Annual Meeting, each holder of record of common stock on the record date will be entitled to one vote for each share held. All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

### *Stockholder of Record – Shares Registered in Your Name*

If, at the close of business on the record date, your shares were registered directly in your name with our transfer agent, Issuer Direct Corporation, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to ensure your vote is counted by submitting your proxy by signing and dating the enclosed proxy card and returning it in the postage-paid envelope provided or by voting via the Internet or by telephone by following the instructions provided on the enclosed proxy card. Simply follow the instructions on the accompanying proxy card for each voting method.

### *Beneficial Owner – Shares Registered in the Name of a Broker, Bank or Other Agent*

If, at the close of business on the record date, your shares were not held in your name, but rather in an account at a brokerage firm, bank or other agent, then you are the beneficial owner of shares held in “Street name” and these proxy materials are being forwarded to you by your broker, bank or other agent. The broker, bank or other agent holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy issued in your name from your broker, bank or other agent. If your broker holds your shares in its name and you do not instruct your

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broker how to vote, your broker will nevertheless have discretion to vote your shares on “routine” matters. Your broker will not have discretion to vote on “non-routine” matters absent direction from you. The election of directors (Proposal 1) and the advisory vote on executive compensation (Proposal 3) are considered “non-routine” under applicable rules. The ratification of the appointment of Squar Milner LLP as our independent registered public accounting firm for fiscal 2019 (Proposal 2) is considered “routine” under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on these proposals.

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**How can I attend the Annual Meeting?**

You will be admitted to the Annual Meeting if you were a stockholder as of the close of business on January 15, 2019, or you have authority to vote under a valid proxy for the Annual Meeting. You should be prepared to present valid photo identification, such as a driver's license or passport, for admittance. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record prior to admittance to the Annual Meeting. If you are a beneficial owner, you must provide proof of beneficial ownership on the record date, such as your most recent account statement prior to January 15, 2019, a copy of the voting instruction form provided by your broker, trustee or nominee, or other similar evidence of ownership.

**What proposals will be presented at the Annual Meeting?**

At the Annual Meeting, stockholders eligible to vote will consider and vote upon (1) the election of six directors to serve for the ensuing year and until their successors are elected, (2) the ratification of the appointment of Squar Milner LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2019, (3) an advisory vote on the compensation of our named executive officers and (4) such other business as may properly come before the meeting or any adjournment or postponement thereof.

**How does the board recommend I vote on these proposals?**

Our Board's recommendations are set forth, together with a description of the proposals, in this Proxy Statement. In summary, our Board of Directors recommends that you vote:

• FOR each of the nominees for director named in this Proxy Statement to serve until the Annual Meeting of Stockholders in 2020 and until their successors are duly elected and qualified (see page 4);

• FOR the ratification of the appointment of Squar Milner LLP as our independent registered public accounting firm for our fiscal year ended September 30, 2019 (see page 11);

• FOR the approval of the compensation of our executive officers (see page 12);

**What vote is required to approve each matter and how are votes counted?**

If a quorum is present at the Annual Meeting, the votes required for the proposals to be considered at the Annual Meeting and the treatment of abstentions and broker non-votes in respect of such proposals are as follows:

**Election of Directors.** The six nominees for director receiving the highest number of votes FOR election will be elected as directors. This is called a plurality. Abstentions and broker non-votes, if any, are not counted for purposes of electing directors and will have no effect on the results of this vote. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors.

**Ratification of Squar Milner LLP as our Independent Registered Public Accounting Firm.** The affirmative vote of a majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal is required to ratify Squar Milner LLP as our independent registered public accounting firm for our fiscal year ending September 30, 2019. Abstentions will count as present and entitled to vote for purposes of this proposal and will have the effect of votes against this proposal. Broker non-votes are not considered entitled to vote on this proposal and, as a result, broker non-votes will have no effect on this proposal.

**Advisory vote on executive compensation.** The affirmative vote of a majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal is required to approve, on an advisory basis, the compensation of our named executive officers. Abstentions will count as present and entitled to vote for purposes of this proposal and will have the effect of votes against this proposal. Broker non-votes are not considered entitled to vote on this proposal and, as a result, broker non-votes will have no effect on this proposal.

## How do I vote?

It is important that your shares are represented at the Annual Meeting, whether or not you attend the Annual Meeting in person. To make sure that your shares are represented, we urge you to vote as promptly as possible by signing and dating the enclosed proxy card and returning it in the postage-paid envelope provided or by voting via the Internet or by telephone by following the instructions provided on the enclosed proxy card.

**If you are a stockholder of record**, there are four ways to vote:

• By calling the toll-free telephone number indicated on your proxy card. Follow the voice prompts to vote your shares and confirm that your instructions have been properly recorded,

• By going to the Internet website indicated on your proxy card. As with telephone voting, you can confirm that your instructions have been properly recorded,

• By signing, dating and returning the accompanying proxy card, or

• By written ballot at the Annual Meeting.

**If your shares are held in street name**, please follow the voting instructions provided by your bank, broker or other agent. In most cases, you may submit voting instructions by telephone or by Internet to your bank, broker or other agent, or you can sign, date and return a voting instruction form to your bank, broker or other agent. If you provide specific voting instructions by telephone, by Internet or by mail, your bank, broker or other agent must vote your shares as you have directed.

At the Annual Meeting, we will provide ballots to anyone who wishes to vote in person. If you hold your shares in street name, you must request a legal proxy from your bank, broker or other nominee to vote by ballot at the Annual Meeting.

## How can I change or revoke my vote?

You can revoke your proxy at any time before the applicable vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any of the following ways:

• you may submit another properly executed proxy by telephone, by Internet or by signing, dating and returning a later dated proxy card,

• you may send a written notice that you are revoking your proxy to our Corporate Secretary at 16262 West Bernardo Drive, San Diego, California 92127, or

• you may attend the Annual Meeting and vote in person (however, simply attending the Annual Meeting will not, by itself, revoke your proxy).

If your shares are held by your broker, bank or other agent, follow the instructions provided by them.

### **How many shares must be present to hold the Annual Meeting?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding shares as of the close of business on the record date are represented by stockholders present at the meeting or by proxy. At the close of business on the record date, there were 32,612,101 shares outstanding and entitled to vote. Therefore, in order for a quorum to exist, 16,306,051 shares must be represented by stockholders present at the meeting or by proxy. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other agent) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement.

### **What if a quorum is not present at the meeting?**

If a quorum is not present at the scheduled time of the Annual Meeting, we may adjourn the meeting, either with or without the vote of the stockholders. If we propose to have the stockholders vote whether to adjourn the meeting, the proxyholders will vote all shares for which they have authority in favor of the adjournment. We may also adjourn the meeting if for any reason we believe that additional time should be allowed for the solicitation of proxies. An adjournment will have no effect on the business that may be conducted at the Annual Meeting.

**What if I do not specify a choice for a matter when returning a proxy?**

If you indicate a choice on your proxy on a particular matter to be acted upon, the shares will be voted as indicated. If you are a stockholder of record and you return a signed proxy card but do not indicate how you wish to vote, the proxyholders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxyholders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting. If you do not return a proxy card, your shares will not be voted and will not be deemed present for the purpose of determining whether a quorum exists.

If you are a beneficial owner and the organization holding your account does not receive instructions from you as to how to vote those shares, under the rules of various national and regional securities exchanges, that organization may exercise discretionary authority to vote on routine proposals but may not vote on “non-routine” proposals. As a beneficial owner, you will not be deemed to have voted on such “non-routine” proposals. The shares that cannot be voted by brokers on “non-routine” matters are called broker non-votes. Broker non-votes will be deemed present at the Annual Meeting for purposes of determining whether a quorum exists for the Annual Meeting. The election of directors (Proposal 1), and the advisory vote on executive compensation (Proposal 3) are considered “non-routine” under applicable rules. The ratification of the appointment of Squar Milner LLP as our independent registered public accounting firm for fiscal 2019 (Proposal 2) is considered “routine” under applicable rules.

**What does it mean if I receive more than one proxy card?**

If you hold your shares in more than one account, you will receive a proxy card for each account. To ensure that all of your shares are voted, please sign, date and return the proxy card for each account or vote via the Internet or by telephone following the instructions provided on the proxy card for each account.

**How will voting on any other business be conducted?**

Although we do not know of any business to be considered at the Annual Meeting other than the proposals described in this Proxy Statement, if any other business properly comes before the Annual Meeting, your proxy or voting instruction gives authority to the proxyholders to vote on those matters in their discretion.

**May I propose matters for consideration at next year’s annual meeting or nominate individuals to serve as directors?**



Yes. If you wish to propose a matter for consideration at next year's annual meeting or if you wish to nominate a person for election as one of our directors, see the information set forth in "Stockholder Proposals" and "Stockholder Nominations" below.

**How can I find out the results of the voting at the Annual Meeting?**

We will announce preliminary voting results at the Meeting and publish final results in a Current Report on Form 8-K within four business days following the Annual Meeting.

**Where can I access an electronic copy of the Proxy Statement and Annual Report on Form 10-K for the fiscal year ended September 30, 2018?**

You may access an electronic copy of the Proxy Statement, form of proxy card, and the Annual Report on Form 10-K for the fiscal year ended September 30, 2018 at: [www.proxyvote.com](http://www.proxyvote.com).

**PROPOSAL ONE  
ELECTION OF DIRECTORS**

**Director Nominees**

The Board of Directors currently consists of six directors, all of whom were elected to our Board of Directors at the 2018 annual meeting of stockholders. Each director to be elected will hold office until the next annual meeting of stockholders and until his or her successor is elected and has qualified, or until such director's earlier death, resignation or removal. The Board, upon recommendation by our Nominating and Corporate Governance Committee, has nominated the nominees listed below for election to our Board of Directors.

We encourage our Board members to attend our annual meeting of stockholders. All nominees attended the 2018 annual meeting of stockholders.

## **Nomination Process**

In considering candidates for election to the Board, the Nominating and Corporate Governance Committee seeks to assemble a Board that, as a whole, possesses the appropriate balance of professional, management and industry experience, qualifications, attributes, skills, expertise and involvement in areas that are of importance to our business and professional reputation. The Nominating and Corporate Governance Committee also considers other board service, business, financial and strategic judgment of potential nominees, and desires to have a Board that represents a diverse mix of backgrounds, perspectives and expertise consisting of directors who complement and strengthen the skills of other directors and who also exhibit integrity, collegiality, sound business judgment and any other qualities that the Nominating and Corporate Governance Committee views as critical to effective functioning of the Board. Each of the nominees for election to the Board has demonstrated a successful track record of strategic, business and financial planning and operating skills. In addition, each of the nominees for election to the Board has experience in management and leadership development and an understanding of operating and corporate governance issues for a public company such as LRAD Corporation.

## **Voting**

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the six nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as management may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve. There are no arrangements or understandings between us and any other person pursuant to which they or any other director has been selected as a director or nominee at the Annual Meeting.

The six candidates receiving the highest number of affirmative votes cast at the meeting will be elected directors.

**For the reasons set forth in this Proxy Statement, and in particular, each nominee's qualifications and experience described below, the Board unanimously recommends a vote IN FAVOR of each of the Board's nominees for director.**

## **Nominees**

The names of the nominees and certain information about them are set forth below. Such information includes their present positions, principal occupations and public company directorships held in the past five years as well as the

specific experience, qualifications, attributes or skills of each nominee that led the Board to believe that, as of the date of this Proxy Statement, the nominee is qualified to serve on the Board. However, each member of the Board may have a variety of reasons for believing a particular person would be an appropriate Board member, and these views may differ from the views of other members of the Board.

| <u>Name</u>                  | <u>Age</u> | <u>Position and Offices</u>          | <u>Director Since</u> |
|------------------------------|------------|--------------------------------------|-----------------------|
| John G. Coburn (2)(3)        | 77         | Chairman of the Board                | 2013                  |
| Richard S. Danforth          | 59         | Chief Executive Officer and Director | 2017                  |
| Scott L. Anchin (1)(2)       | 45         | Director                             | 2016                  |
| Laura M. Clague (1)(3)       | 59         | Director                             | 2007                  |
| Daniel H. McCollum (1)(3)    | 44         | Director                             | 2016                  |
| Richard H. Osgood III (2)(3) | 64         | Director                             | 2013                  |

- (1) Member of Audit Committee
- (2) Member of Compensation Committee
- (3) Member of Nominating and Corporate Governance Committee

**John G. Coburn**, age 77, has been a director since July 2013 and was appointed Chairman of our Board of Directors in March 2015. General Coburn has been Chief Executive Officer and Chairman of VT Systems, Inc., an engineering group providing solutions and services in the aerospace, electronics, land systems and marine sectors, since November 2001. Prior to joining VT Systems, General Coburn served in the United States Army for 39 years in various logistics positions. His last assignment was as commanding general of the United States Army Material Command (AMC). General Coburn is a distinguished military graduate of Eastern Michigan University where he was commissioned as a second lieutenant in the infantry. General Coburn holds a B.A. in Education from Eastern Michigan University, a master’s degree in Political Science from the University of Kansas, a J.D. from the University of Missouri, and an honorary Ph.D. from Eastern Michigan University. General Coburn’s extensive executive management experience as well as his senior military leadership experience and logistics, procurement and program development background qualify him to serve on our Board.

**Richard S. Danforth**, age 59, was appointed Chief Executive Officer in August 2016 and elected as a director in March 2017. Prior to joining our Company, Mr. Danforth founded RsD Aero, Ltd., a consulting firm in the defense, aerospace, space and transportation industries, in October 2013. Between March 2002 and October 2013, Mr. Danforth served in numerous leadership positions with DRS Technologies, Inc., including Group President of DRS Integrated Defense Systems & Service between 2013 and 2014, President, Chief Executive Officer and a director of DRS Defense Solutions between 2008 and 2012 President of Control & Communication between 2005 and 2008, President of Navy Electronics & Intelligence Systems between 2004 and 2005, and Executive Vice President of the Electronics Systems Group between 2002 and 2004. Between 2000 and 2001, Mr. Danforth served as Senior Vice President, Commercial Aircraft Business at Raytheon Company. Mr. Danforth holds a Masters in Engineering Management from Western New England College and Bachelor of Science, Industrial Technology from University of Massachusetts, Lowell. Mr. Danforth's extensive business experience with strategy, leadership and execution at large defense companies qualifies him to serve on the board.

**Scott L. Anchin**, age 45, has been a director since March 2016. Mr. Anchin is currently a Partner at Cormont Strategic Services, LLC. Previously Scott served as a Managing Director with Opportune LLP, where he provided restructuring advisory services to companies and stakeholders in distressed situations. From 2009 to February 2016, Mr. Anchin was employed by Alvarez & Marsal North America, LLC, a global professional services firm specializing in turnaround and interim management and performance improvement. He is a non-practicing Certified Public Accountant in the State of New York and holds a B.S. in Accounting from the Wharton School of Business at the University of Pennsylvania and an M.B.A. with a concentration in Management from Columbia Business School. Mr. Anchin's accounting, management and restructuring experience and background, and his expertise in advising companies and stakeholders in difficult circumstances qualify him to serve on our Board.

**Laura M. Clague**, age 59, has been a director since February 2007. Ms. Clague has over 30 years of financial experience. Ms. Clague has served as Senior Vice President and Chief Financial Officer of Retrophin, Inc. since November 2014. From 2012 to October 2014, Ms. Clague served as Chief Financial Officer of the San Diego and Ohio operations of Amylin Pharmaceuticals, LLC, a wholly owned subsidiary of Bristol-Myers Squibb. Prior to the acquisition by Bristol-Myers Squibb in 2012, Ms. Clague was the Vice President, Corporate Controller and Chief Accounting Officer of Amylin for 10 years, and during this time also served as the CFO of the Amylin/Lilly Collaboration that was responsible for products with \$500+ million in annual net reported revenue. From 1988 to 1999, Ms. Clague was the director of finance and accounting operations for Sony Electronics, Inc. From 1985 to 1988, Ms. Clague served as internal audit supervisor at Cubic Corporation. From 1982 to 1985, Ms. Clague held various audit positions at KPMG. Ms. Clague is a certified public accountant in the State of California, and has a B.S. in Business Administration from Menlo College. Ms. Clague's qualifications to serve on the board include her significant experience as a financial executive in a publicly traded company, as well as her strong accounting and finance background resulting from her years in public accounting and industry.

**Daniel H. McCollum**, age 44, has been a director since March 2016. Mr. McCollum has over 20 years of experience as an investment banker and institutional investor. Mr. McCollum has served as Deputy Head of Investments at Hirtle Callaghan & Co. since January 2018. Previously, Mr. McCollum was Managing Director in the Investment Office of Brown University from July 2013 to January 2018 and Managing Director of Narragansett Asset Management LP from October 2008 to December 2012. Mr. McCollum holds a B.A. in Economics from the University of California at

Berkeley and an M.B.A. from the Columbia Business School. Mr. McCollum's qualifications to serve on the board include his experience in identifying, evaluating and managing financial and organizational risks and his experience with strategic investment analysis

**Richard H. Osgood III**, age 64, has been a director since July 2013. Mr. Osgood retired in 2012 after serving as Head of Equity Capital Markets for Wedbush Securities since January 2009. Mr. Osgood joined Wedbush Securities when it acquired Pacific Growth Equities, which Mr. Osgood founded in 1991. Mr. Osgood served in various capacities with Pacific Growth Equities prior to its acquisition, including President, Chief Executive Officer, Chief Operating Officer, Chairman and Executive Chairman. Prior to founding Pacific Growth Equities, Mr. Osgood was the Head of Capital Markets, Sales and Trading at Volpe, Welty and Company, a company he also co-founded in 1986. Previously, Mr. Osgood held senior positions in institutional sales at Montgomery Securities, Rotan Mosely and Smith Barney. Mr. Osgood holds a B.A. in Psychology and a B.S. in Biology from the University of the South. Mr. Osgood's capital markets and securities industry expertise, as well as his management and strategic experience qualify him to serve on our Board.

## **BOARD AND COMMITTEE MATTERS AND CORPORATE GOVERNANCE MATTERS**

### **Corporate Governance**

We maintain a corporate governance page on our website that includes key information about our corporate governance initiatives, including our Code of Business Conduct and Ethics, our Charters for the committees of the Board, and our Whistleblower Protection Policy. The corporate governance page can be found at [www.lradx.com](http://www.lradx.com) by clicking on "Investors," and then on "Governance." The information contained on our website is not incorporated by reference into and does not form a part of this Proxy Statement.

Our policies and practices reflect corporate governance initiatives that are designed to be compliant with the listing requirements of the NASDAQ Stock Market and the corporate governance requirements of applicable securities laws, including:

- A majority of our Board members are independent of our company and our management;
- All members of our standing Board committees are independent of our company and our management;
- The independent members of our Board meet regularly without the presence of management;
- We have a clear code of business conduct and ethics that applies to our principal executive officers, our directors and all of our employees, and is monitored by our Audit Committee;
- The charters of the Board committees clearly establish their respective roles and responsibilities; and
- We have a hotline available to all employees, and our Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal accounting controls, or auditing matters.

## **Board of Directors**

Our Board currently consists of six directors: General John G. Coburn (Chair), Scott L. Anchin, Laura M. Clague, Richard S. Danforth, Daniel H. McCollum, and Richard H. Osgood III. During the fiscal year ended September 30, 2018, our Board held six meetings. All directors serving on the Board during the fiscal year ended September 30, 2018 attended at least 75% of the aggregate of the total number of the meetings of the Board and the total number of meetings held by all committees of the Board on which he or she served (in each case during the period in which he or she served).

## **Independence of the Board**

As required under the NASDAQ Stock Market listing standards, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by the board of directors. After review of all relevant transactions or relationships between each director, or any of his or her family members, and us, our senior management and our independent registered public accounting firm, our Board has affirmatively determined that Mr. Anchin, Ms. Clague, General Coburn, Mr. McCollum, and Mr. Osgood are independent directors within the meaning

of the applicable NASDAQ listing standards.

### **Board Leadership Structure**

Richard S. Danforth currently serves as our Chief Executive Officer and as a director. General John G. Coburn currently serves as Chairman of the Board. The Board does not have a formal policy with respect to separation of the offices of Chairman of the Board and Chief Executive Officer, and the Board believes that it should maintain flexibility to select our Chief Executive Officer, Chairman and board leadership structure from time to time. The Board believes that it is currently in our best interest, and that of our stockholders, for Mr. Danforth to serve as Chief Executive Officer and General Coburn to serve as Chairman. The Board believes that separating these positions allows the Chief Executive Officer to focus on day-to-day business operations, while allowing the Chairman of the Board to lead the Board of Directors in its primary role of review and oversight of management.

### **Role of Board in Risk Oversight**

Our management is primarily responsible to manage risk and inform the Board regarding our most material risks. The Board has oversight responsibility of the processes established to monitor and manage such risks. The Board believes that such oversight function is the responsibility of the entire Board through frequent reports and discussions at regularly scheduled Board meetings. In addition, the Board has delegated specific risk management oversight responsibility to the Audit Committee and to the independent members of the Board. In particular, the Audit Committee oversees management of risks related to accounting, auditing and financial reporting and maintaining effective internal controls for financial reporting. The Compensation Committee oversees risk management related to our executive compensation plans and arrangements. The independent directors on the Board oversee risk management related to the nomination of director candidates and our corporate governance practices. The Board believes that the leadership structure described above under “Board Leadership Structure” facilitates the Board’s oversight of risk management because it allows the Board, working through its committees to participate actively in the oversight of management’s actions. These specific risk categories and our risk management practices are regularly reviewed by the entire Board in the ordinary course of regular Board meetings.

### **Executive Sessions**

As required under NASDAQ listing standards, during the calendar year ended December 31, 2018, our independent directors met at least twice in regularly scheduled executive sessions at which only independent directors were present.

## **Stockholder Communications with the Board**

We have adopted a formal process by which stockholders may communicate with our Board. The Board recommends that stockholders initiate any communications with the Board in writing and send them in care of Investor Relations by mail to our principal offices, 16262 West Bernardo Drive, San Diego, CA 92127. This centralized process will assist the Board in reviewing and responding to stockholder communications in an appropriate manner. The name of any specific intended Board recipient should be noted in the communication. The Board has instructed Investor Relations to forward such correspondence only to the intended recipients; however, the Board has also instructed Investor Relations, prior to forwarding any correspondence, to review such correspondence and, in its discretion, not to forward certain items if they are deemed of a personal, illegal, commercial, offensive or frivolous nature or otherwise inappropriate for the Board's consideration. In such cases, that correspondence will be forwarded to our corporate Secretary for review and possible response. This information is also contained on our website at [www.lradx.com](http://www.lradx.com).

## **Information Regarding the Board Committees**

During the full fiscal year ended September 30, 2018, the Board had three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The current charters for the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee can be found on our website at [www.lradx.com](http://www.lradx.com).

### ***Audit Committee***

Our Board has a separately designated standing Audit Committee established in accordance with Section 3(a)(58) of the Securities Exchange Act of 1934 (the "Exchange Act"). The Audit Committee oversees our corporate accounting and financial reporting processes. Among other functions, the Audit Committee:

- evaluates the performance of and assesses the qualifications of the independent registered public accounting firm;
- engages the independent registered public accounting firm;
- determines whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage a new independent registered public accounting firm;



• confers with senior management and the independent registered public accounting firm regarding the adequacy and effectiveness of financial reporting;

• reviews and approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;

• considers the effectiveness of our company's internal control system, including information technology security and control;

• understands the scope of the independent registered public accounting firm's review of internal control over financial reporting, and obtains reports on significant findings and recommendations, together with management's responses;

• monitors the rotation of partners of the independent registered public accounting firm on our audit engagement team as required by law;

• oversees procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

• reviews the procedures for communicating the code of business conduct and ethics to our company personnel, and for monitoring compliance therewith;

• reviews annually the Audit Committee's written charter and its performance and reports the same to the Board;

• reviews the financial statements to be included in our Annual Report on Form 10-K as well as interim financial reports;

• discusses with management and the independent registered public accounting firm the results of the annual audit and the results in our quarterly financial statements; and

• reviews and approves all related party transactions on an ongoing basis.

The Audit Committee has the authority to retain special legal, accounting or other advisors or consultants as it deems necessary or appropriate to carry out its duties. The Audit Committee is composed of Ms. Clague (Chair), and Messrs. Anchin and McCollum. The Audit Committee met four times during fiscal 2018.

The Board annually reviews the NASDAQ listing standards definition of independence for audit committee members and has determined that all members of our Audit Committee are independent under applicable SEC rules and NASDAQ listing standards. Our Board has determined that each member of the Audit Committee is able to read and understand fundamental financial statements, including our company's balance sheet, income statement and cash flow statement. Our Board has also determined that Ms. Clague qualifies as an "audit committee financial expert," as defined in applicable SEC rules. In making such determination, the Board made a qualitative assessment of Ms. Clague's level of knowledge and experience based on a number of factors, including Ms. Clague's formal education and experience.

### *Compensation Committee*

The Compensation Committee assists in the implementation of, and provides recommendations with respect to, our general and specific compensation policies and practices for our company's executives. The Compensation Committee also administers our Amended and Restated 2015 Equity Incentive Plan. Among other functions, the Compensation Committee:

- reviews and approves the performance goals and objectives for executive officers, including our Chief Executive Officer;

- evaluates the Chief Executive Officer's performances in light of those goals and objectives and recommends to the Board the Chief Executive Officer's compensation levels;

- recommends to the Board the compensation of executive officers other than the Chief Executive Officer;

- reports on executive compensation for inclusion in our company's proxy statements;

- reviews annually the Board compensation and makes related recommendations to the Board; and

- reviews annually the Compensation Committee's written charter and its performance and reports the same to the Board.

The Compensation Committee has the authority to retain special legal or other advisors or consultants as it deems necessary or appropriate to carry out its duties. The Compensation Committee is composed of Mr. Osgood (Chair), Mr. Anchin, and General Coburn. The Compensation Committee held five meetings during fiscal 2018. Each member of the Compensation Committee is independent under applicable NASDAQ listing standards and a “non-employee director” as defined in Rule 16b-3 under the Exchange Act.

*Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee identifies and recommends to our Board of Directors individuals qualified to become members of the Board, reviews and advises our Board of Directors with respect to corporate governance principals and policies, and oversees the annual evaluation of the Board’s effectiveness. Among other functions, the Nominating and Corporate Governance Committee:

- identifies and evaluates qualified candidates to become members of our Board of Directors;
  
- recommends nominees for election as directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected);
  
- recommends candidates to fill vacancies on our Board of Directors;
  
- makes recommendations to our Board of Directors regarding the membership of the committees of our Board of Directors;
  
- considers, develops and recommends to our Board of Directors policies and procedures with respect to the nomination of directors and other corporate governance matters; and
  
- oversees the evaluation of our Board of Directors.

The Nominating and Corporate Governance Committee has the authority to retain special legal or other advisors or consultants as it deems necessary or appropriate to carry out its duties. The Nominating and Corporate Governance Committee is composed of General Coburn (chair), Ms. Clague, and Messrs. McCollum and Osgood. The Nominating and Corporate Governance Committee held two meetings during fiscal 2018.

Each member of the Nominating and Corporate Governance Committee is independent under applicable NASDAQ listing standards.

### **Director Nominations**

The Nominating and Corporate Governance Committee makes recommendations to the full Board for nominations to fill vacancies on the Board and for selecting the management nominees for the directors to be elected by our stockholders at each annual meeting.

### ***Director Qualifications***

The Nominating and Corporate Governance Committee believes that new candidates for director should have certain minimum qualifications, including having the knowledge, capabilities, experience and contacts that complement those currently existing within our company; ability and qualifications to provide our management with an expanded opportunity to explore ideas, concepts and creative approaches to existing and future issues, and to guide management through the challenges and complexities of building a quality company; ability to meet contemporary public company board standards with respect to general governance; stewardship, depth of review, independence, financial certification, personal integrity and responsibility to stockholders; genuine desire and availability to participate actively in the development of our future; and an orientation toward maximizing stockholder value in realistic time frames. The Nominating and Corporate Governance Committee also intends to consider for new Board members such factors as ability to contribute strategically through relevant industry background and experience, on either the vendor or the end user side; strong current industry contacts; ability and willingness to introduce and open doors to executives of potential customers and partners; current employment as the Chief Executive Officer of an acoustic products, media, advertising, military or government supply company larger than our company; independence from our company and current Board members; and a recognizable name that would add credibility and value to our company and its stockholders. The Nominating and Corporate Governance Committee does not have a formal policy regarding diversity, but as described above considers a broad range of attributes and characteristics in identifying and evaluating nominees for election to the Board. The Nominating and Corporate Governance Committee views diversity broadly to include diversity of experience, skills and viewpoint in addition to more traditional diversity concepts. The Nominating and Corporate Governance Committee may modify these qualifications from time to time.

### ***Evaluating Nominees for Director***

The Nominating and Corporate Governance Committee reviews candidates for director nominees in the context of the current composition of our Board, our operating requirements and the long-term interests of stockholders. In conducting this assessment, the Nominating and Corporate Governance Committee currently considers, among other

factors, diversity, age, skills, and such other factors as it deems appropriate given the current needs of the Board and our company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews such directors' overall service to our company during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such directors' independence. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee must be independent, which determination is based upon applicable NASDAQ listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the background and qualifications of possible candidates after considering the function and needs of our Board. The Nominating and Corporate Governance Committee meets to discuss and consider such candidates' qualifications and then selects a nominee for recommendation to our Board by majority vote. To date, neither the Nominating and Corporate Governance Committee nor any predecessor to the Nominating and Corporate Governance Committee has paid a fee to any third party to assist in the process of identifying or evaluating director candidates.

### ***Stockholder Nominations***

The Nominating and Corporate Governance Committee applies the same guidelines (described above) to stockholder nominees as applied to nominees from other sources. Any stockholder who wishes to recommend for the Nominating and Corporate Governance Committee or the Board of Director's consideration a prospective nominee to serve on the Board may do so by giving the candidate's name and qualifications in writing to the Chair of the Nominating and Corporate Governance Committee at the following address: 16262 West Bernardo Drive, San Diego, California 92127.

### **Code of Business Conduct and Ethics**

We have adopted a "Code of Business Conduct and Ethics," a code of ethics that applies to all employees, including our executive officers. A copy of the Code of Business Conduct and Ethics is posted on our Internet site at [www.lradx.com](http://www.lradx.com). In the event we make any amendments to, or grant any waivers of, a provision of the Code of Business Conduct and Ethics that applies to the principal executive officer, principal financial officer, or principal accounting officer that requires disclosure under applicable SEC rules, we intend to disclose such amendment or waiver and the reasons therefor on a Form 8-K or on our next periodic report.

**PROPOSAL TWO  
RATIFICATION OF SELECTION OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Squar Milner LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2019. A representative of Squar Milner LLP is expected to be present at the Annual Meeting. If present, the representative will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions. Stockholder ratification of the selection of Squar Milner LLP is not required by our bylaws or otherwise. However, we are submitting the selection of Squar Milner LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will consider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of our company and our stockholders.

The affirmative vote of a majority of the votes cast at the meeting, either in person or by proxy, is required to ratify the selection of Squar Milner LLP. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders for the purpose of determining a quorum and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

**Independent Registered Public Accountants Fees**

The following table presents fees billed by Squar Milner LLP for professional services rendered for the fiscal years ended September 30, 2017 and 2018:

|                        | <b>Fiscal<br/>2017</b> | <b>Fiscal<br/>2018</b> |
|------------------------|------------------------|------------------------|
| Audit Fees (1)         | \$127,371              | \$179,150              |
| Audit Related Fees (2) | \$1,000                | \$4,225                |
| Tax Fees (3)           | \$13,992               | \$15,041               |
| All Other Fees (4)     | —                      | —                      |
| Total                  | \$142,363              | \$198,416              |

Audit Fees include fees and expenses for professional services rendered in connection with the audit of our financial statements for those years, reviews of the financial statements included in each of our quarterly reports on Form 10-Q during those years and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements.

(2)

Audit Related Fees consist of fees billed for assurance related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees." Included in Audit Related Fees are fees and expenses related to reviews of SEC filings other than Forms 10-K and 10-Q.

- (3) Tax Fees include the aggregate fees paid by us during the fiscal year indicated for professional services for tax compliance, tax advice and tax planning.
- (4) All Other Fees consist of fees for products and services other than the services reported above. No such fees were billed by Squar Milner LLP for fiscal 2017 or 2018.

### **Audit Committee Pre-Approval Policies and Procedures**

All audit and non-audit services are pre-approved by the Audit Committee, which considers, among other things, the possible effect of the performance of such services on the registered public accounting firm's independence. The Audit Committee pre-approves the annual engagement of the principal independent registered public accounting firm, including the performance of the annual audit and quarterly reviews for the subsequent fiscal year, and pre-approves specific engagements for tax services performed by such firm. The Audit Committee has also established pre-approval policies and procedures for certain enumerated audit and audit related services performed pursuant to the annual engagement agreement, including such firm's attendance at and participation at Board and committee meetings; services of such firm associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings, such as comfort letters and consents; such firm's assistance in responding to any SEC comment letters; and consultations with such firm as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, Public Company Accounting Oversight Board, Financial Accounting Standards Board, or other regulatory or standard-setting bodies. The Audit Committee is informed of each service performed pursuant to its pre-approval policies and procedures.

The Audit Committee has considered the role of Squar Milner LLP in providing services to us for the fiscal year ended September 30, 2019 and has concluded that such services are compatible with such firm's independence.

**Our Board of Directors recommends a vote IN FAVOR of the ratification of the selection of our independent registered public accounting firm.**

### **PROPOSAL THREE ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Consistent with the vote of our stockholders, our Board of Directors has determined to submit the approval of our executive compensation annually to our stockholders on a non-binding basis. This proposal, commonly known as a "say-on-pay" proposal, gives stockholders the opportunity to express their views on the compensation of our named executive officers. The vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers. Our executive compensation program received the support of stockholders holding 96.8% of our stock that was voted on the matter at our 2018 annual meeting of stockholders.

Our executive compensation program is designed to attract, motivate and retain a talented team of executives. We seek to accomplish this goal in a way that rewards performance that is aligned with our stockholders' long-term interests. We believe that our executive compensation program satisfies this goal and is strongly aligned with the long-term interests of our stockholders.

In accordance with the requirements of Section 14A of the Exchange Act, we are including in this Proxy Statement a separate resolution, subject to a non-binding stockholder vote, to approve the compensation of our named executive officers as disclosed in this Proxy Statement. Accordingly, the following resolution is submitted for stockholder vote at the 2019 Annual Meeting:

**"RESOLVED, that the stockholders of LRAD Corporation approve, on an advisory basis, the compensation of its named executive officers as disclosed in the tabular disclosure regarding named executive officer compensation and the accompanying narrative disclosure in the Proxy Statement for the 2019 Annual Meeting."**

As an advisory vote, this proposal is not binding. However, the Compensation Committee, which is responsible for designing and administering our executive compensation program, values the opinions expressed by stockholders in their vote on this proposal and will continue to consider the outcome of the vote when making future compensation decisions for named executive officers.



**Our Board of Directors recommends that stockholders vote FOR the approval, on an advisory basis, of the compensation of our named executive officers, as disclosed in this Proxy Statement.**

**SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the ownership of our common stock as of January 15, 2019 by: (i) each director and nominee; (ii) each of the named executive officers reflected in the Summary Compensation Table; (iii) all of our executive officers and directors as a group; and (iv) all those known by us to be beneficial owners of more than five percent of our common stock. Unless otherwise indicated, the business address of each person named below is c/o LRAD Corporation, 16262 West Bernardo Drive, San Diego, California 92127.

| <u>Title of Class</u> | <u>Name and Address of Beneficial Owner</u>  | <u>Amount and Nature of Beneficial Ownership (1)</u> | <u>Percent of Class (1)</u> |
|-----------------------|--|--|-----------------------------|
| Common Stock          | <b>Austin W. Marx and David M. Greenhouse</b><br>527 Madison Avenue, Suite 2600<br>New York, New York 10022  | 4,950,706 (2)  | 15.9%                       |
| Common Stock          | <b>Wellington Management Group LLP</b><br><b>Wellington Trust Company, NA</b><br><b>Wellington Group Holdings LLP</b><br><b>Wellington Investment Advisors Holdings LLP</b><br><b>Wellington Management Company LLP</b><br>280 Congress Street<br>Boston, MA 02210 | 3,855,018 (3)  | 11.9%                       |
| Common Stock          | <b>Manatuck Hill Partners, LLC</b><br>1465 Post Road East<br>Westport, Connecticut 06880   | 3,001,280 (4)  | 9.2%                        |
| Common Stock          | <b>Iroquois Capital Management LLC</b><br>641 Lexington Avenue, 26th Floor<br>New York, New York 10022   | 1,728,232 (5)  | 5.3%                        |
| Common Stock          | <b>Scott L. Anchin</b>   | 123,000 (6)  | *                           |
| Common Stock          | <b>Laura M. Clague</b>   | 187,600 (7)  | *                           |
| Common Stock          | <b>John G. Coburn</b>  | 186,660 (8)  | *                           |
| Common Stock          | <b>Daniel H. McCollum</b>  | 115,000 (9)  | *                           |
| Common Stock          | <b>Richard H. Osgood III</b>   | 280,000 (10)   | *                           |
| Common Stock          | <b>Richard S. Danforth</b>   | 312,500 (11)   | *                           |
| Common Stock          | <b>Dennis D. Klahn</b>   | 37,500 (12)  | *                           |
|                       | All directors and executive officers as a group (7 persons)  | 1,242,260 (13)                                       | 3.8%                        |

\* Less than 1%.

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as otherwise indicated below, this table is based on information supplied by officers, directors and principal stockholders. The inclusion in this table of such shares does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of, or receives the

economic benefit of, such shares. Percentage of class is based on 32,612,101 shares of common stock outstanding on January 15, 2019. Except as otherwise stated below, each of the named persons has sole voting and investment power with respect to the shares shown (subject to community property laws).

Based on a listing of institutional owners of the Company's Common Stock on the NASDAQ website, reflecting beneficial ownership as of September 30, 2018. Additional beneficial joint ownership information of Mr. Marxe, Mr. Greenhouse, and Mr. Stettner is based on information provided by the stockholder in a Schedule 13G filed with the SEC on February 10, 2017, which reflected 3,989,757 shares of common stock held by the following entities: 1,846,889 shares owned by Special Situations Fund III QP, L.P., 590,716 shares owned by Special Situations Private Equity Fund, L.P., 214,978 shares owned by Special Situations Technology Fund, L.P., and 1,337,174 shares owned by Special Situations Technology Fund II, L.P. MGP Advisors Limited Partnership, or MGP, is the general partner of the Special Situations Fund III QP, L.P. and AWM Investment Company, Inc., or

(2) AWM, is the general partner of MGP. SST Advisers, L.L.C., or SSTA, is the general partner of the Special Situations Technology Fund, L.P. and Special Situations Technology Fund II, L.P. MG Advisers, L.L.C., or MG, is the general partner of the Special Situations Private Equity Fund, L.P. AWM is the investment adviser to Special Situations Fund III QP, L.P., Special Situations Technology Fund, L.P., Special Situations Technology Fund II, L.P. and Special Situations Private Equity Fund, L.P. Austin W. Marxe and David M. Greenhouse are the principal owners of MGP, AWM, SSTA and MG, and are principally responsible for the selection, acquisition, voting and disposition of the portfolio securities by each investment adviser on behalf of its fund. Messrs. Marxe, Greenhouse, and Stettner share voting and dispositive power with respect to shares held by these stockholders. Messrs. Marxe, Greenhouse, and Stettner share voting and dispositive power with respect to shares held by these stockholders.

Beneficial ownership by Wellington Management Company LLP, Wellington Trust Company, NA, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP and Wellington Management Company LLP is based on information provided by the stockholders in Schedules 13G/A filed with the SEC on February 8, 2018 (3) by the stockholders. Such Schedules 13G/A reflect 3,855,018 shares of common stock owned of record by clients of Wellington Trust Company, NA and investment advisors directly or indirectly controlled by Wellington Management Company LLP and over which such investment advisors share voting and dispositive power.

Based on a listing of institutional owners of the Company's Common Stock on the NASDAQ website, reflecting beneficial ownership as of September 30, 2018. Additional beneficial ownership information of Manatuck Hill Partners, LLC is based on information provided by the stockholder in a Schedule 13G/A filed with the SEC on (4) March 16, 2018, which reflected 2,364,680 shares of common stock that Manatuck Hill Partners, LLC has shared voting and dispositive power over and 2,151,122 shares of common stock Manatuck Hill Scout Fund, L.P. has shared voting and dispositive power over.

Beneficial ownership by Iroquois Capital Management LLC, Mr. Richard Abbe, Ms. Kimberly Page, Talia Abbe Irrevocable Trust (“TAI”), Bennett Abbe Irrevocable Trust (“BAI”), and Samantha Abbe Irrevocable Trust (“SAI”) is based on information provided by the stockholders in a Schedule 13G filed with the SEC on June 25, 2018.

Iroquois Capital Management LLC (“Iroquois Capital”) is the investment manager of Iroquois Master Fund, Ltd. (“IMF”). Consequently, Iroquois Capital has voting control and investment discretion over securities held by IMF.

- (5) As managing members of Iroquois Capital, Mr. Silverman and Ms. Page make voting and investment decisions on behalf of Iroquois Capital in its capacity as investment manager to IMF. As a result of the foregoing, Mr. Abbe and Ms. Page may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the securities held by IMF. In the Schedule 13G filing, each of Iroquois Capital and IMF reported shared voting and dispositive power over 1,728,232 shares, Mr. Abbe reported sole voting and dispositive power over 148,264 shares and shared voting and dispositive power over 1,728,232 shares, and Ms. Page reported shared voting and dispositive power over 1,728,232 shares.
- (6) Includes 55,000 shares issuable upon exercise of outstanding stock options or settlement of restricted stock units within 60 days of January 15, 2019.
- (7) Includes 2,000 shares owned by Ms. Clague’s spouse and 115,000 shares issuable upon exercise of outstanding stock options or settlement of restricted stock units within 60 days of January 15, 2019.
- (8) Includes 95,000 shares issuable upon exercise of outstanding stock options or settlement of restricted stock units within 60 days of January 15, 2019.
- (9) Includes 55,000 shares issuable upon exercise of outstanding stock options or settlement of restricted stock units within 60 days of January 15, 2019.
- (10) Includes 95,000 shares issuable upon exercise of outstanding stock options or settlement of restricted stock units within 60 days of January 15, 2019.
- (11) Includes 312,500 shares issuable upon exercise of outstanding stock options within 60 days of January 15, 2019.
- (12) Includes 37,500 shares issuable upon exercise of outstanding stock options within 60 days of January 15, 2019.
- (13) Includes 640,000 shares issuable upon exercise of outstanding stock options or settlement of restricted stock units within 60 days of January 15, 2019.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The table below summarizes the total compensation paid or earned by our Chief Executive Officer and Chief Financial Officer for the fiscal years ended September 30, 2018 and 2017. We refer to each such person as a “named executive officer.”

| <u>Name and Principal Position</u>                         | <u>Fiscal Year</u> | <u>Salary</u> | <u>Bonus</u> | <u>Option Awards</u> | <u>All Other Compensation</u> | <u>Total</u> |
|--|--------------------|---------------|--------------|----------------------|-------------------------------|--------------|
|  |                    |               |              |                      |                               |              |
| Richard S. Danforth<br>Chief Executive Officer             | 2018               | \$355,000     | \$219,000    | \$0                  | \$ 13,500                     | \$587,500    |
|  | 2017               | 325,000       | 164,226      | 0                    | 10,969                        | 500,195      |
| Dennis D. Klahn (1)<br>Chief Financial Officer & Secretary | 2018               | \$206,000     | \$82,400     | \$0                  | \$ 9,334                      | \$297,734    |
|  | 2017               | 8,583         | 10,000       | 69,670(2)            | 450                           | 88,703       |

- (1) Mr. Klahn was appointed Interim Chief Financial Officer on August 7, 2017 and Chief Financial Officer on September 28, 2017.

The amounts for 2017 reflect the aggregate grant date fair value for options granted during the fiscal year ended September 30, 2017, computed in accordance with ASC 718, "Compensation-Stock Compensation."

- (2) Assumptions used in the calculation of these amounts are included in the notes to our audited financial statements for the fiscal year ended September 30, 2017, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 13, 2017.

No named executive officer received any form of non-cash compensation from us in the fiscal year ended September 30, 2018, or currently receives any such compensation, in excess of 10% of the total amount of annual salary and bonus reported for the named executive officer above.

### *Employment Arrangements*

We have entered into the following employment arrangements with each of the named executive officers reflected in the Summary Compensation Table.

**Richard S. Danforth**—Effective August 1, 2016, we entered into an employment agreement with Mr. Danforth, pursuant to which he was appointed Chief Executive Officer that provides for severance benefits including twelve months' salary and health benefits, a pro-rata share of his annual cash bonus for the fiscal year in which the termination occurs to which he would have become entitled had he remained employed through the end of such fiscal year, and if his employment is terminated during fiscal year 2019 or later, vesting of a pro-rata share of the stock options held by him that are subject to performance-based vesting based on the extent to which the required performance criteria are achieved in the year of termination and on the portion of the year he was employed. The agreement also has a change of control clause whereby in the event of a specified termination event, the chief executive officer would be entitled to receive in a single lump sum (a) an amount equal to two times the sum of his base salary then in effect and his then target annual cash bonus, (b) a pro-rata share of his annual cash bonus for such year and (c) the cost of his and his dependents' coverage under COBRA for an 18-month period. In addition, in such event, (i) all of the time-vesting stock options held will vest, unless the termination occurs within the first year of his employment, in which case only the number of options scheduled to vest on the first anniversary of his employment date will vest pro-rated for the period of time he was employed during such one-year period, (ii) 375,000 of the stock options held that are subject to performance-based vesting will vest and (iii) if employment is terminated during fiscal year 2019 or later, a pro-rata share of the stock options held that are subject to performance-based vesting will vest based on the extent to which the required performance criteria are achieved for the fiscal year in which the termination occurs and based on the portion of the year he was employed prior to the termination.



**Mr. Dennis D. Klahn**—Effective September 18, 2017, we entered into a letter agreement with Mr. Klahn pursuant to which he was appointed Chief Financial Officer. Under his employment agreement, Mr. Klahn’s current annual salary is \$206,000, and Mr. Klahn participates in bonus, benefit and other incentives at the discretion of the Compensation Committee. Mr. Klahn’s employment is not for a specified period or term of employment and is terminable at-will by us or by Mr. Klahn for any reason, with or without notice.

***Executive Officer and Employee Incentive Plan***

On December 4, 2018, the Compensation Committee of our Board approved an incentive bonus plan for fiscal year 2019 designed to motivate our executive officers and key employees to achieve our financial objectives and to reward them for their achievements when our objectives are met. All of our named executive officers, as well as other key employees, will be entitled to participate in the incentive plan. Target bonus amounts vary based on a percentage of the employee’s base salary, which are 75% of base salary for Mr. Danforth, 50% of base salary for Mr. Klahn and range from 25% to 50% of base salary for other employees depending on their level of responsibility. A bonus payment will be made at three levels, including at 50% of target, at 100% of target and at 200% of target, depending upon the achievement by our company of specified performance goals established by the Compensation Committee. The Compensation Committee established performance targets for Mr. Danforth and Mr. Klahn based on our total product bookings, net revenues, operating income and operating cash flow during fiscal year 2019.

***Outstanding Equity Awards at Fiscal Year-End***

The following table contains information regarding unexercised options for each named executive officer outstanding as of September 30, 2018.

| Name                | Option Awards                                       |   | Equity Incentive Plan | Option | Option  |   |
|---------------------|---|---|-----------------------|--------|---------|---|
|                     | Number of Securities Underlying Unexercised Options | Number of Securities Underlying Unexercised Options |                       |        |         | Awards: Number of Securities Underlying Unexercised |
| Richard S. Danforth | 250,000   | 125,000   | (1 )                  | —      | \$ 1.99 | 8/1/2023  |

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|                 |        |         |       |   |         |           |
|-----------------|--------|---------|-------|---|---------|-----------|
|                 | —      | 375,000 | ( 2 ) | — | \$ 1.99 | 8/1/2023  |
|                 | —      | 375,000 | ( 3 ) | — | \$ 1.99 | 8/1/2023  |
| Dennis D. Klahn | 25,000 | 75,000  | ( 4 ) | — | \$ 1.76 | 9/19/2024 |

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- (1) The option vests as to 1/3 of the shares on August 1, 2018 and 1/12 of the shares quarterly thereafter until fully vested.
- (2) The number of shares that vest is based on the achievement of certain performance criteria as determined on September 30, 2019.
- (3) The number of shares that vest is based on the achievement of certain performance criteria as determined on September 30, 2020.
- (4) The option vests as to 1/4 of the shares on the first anniversary of the date of grant of September 19, 2017 and 1/16 of the shares quarterly thereafter until fully vested.

We do not have any stock appreciation rights plans in effect and we have no long-term incentive plans, as those terms are defined in SEC regulations. We have no defined benefit or actuarial plans covering any named executive officer.

***Potential Payments Upon Termination or Change-in-Control***

Mr. Danforth’s employment agreement provides for payments and other benefits upon certain termination and change in control events as described above in “Employment Agreements.”

**COMPENSATION OF DIRECTORS**

The following table shows all the fees earned or cash paid during the fiscal year ended September 30, 2018 to our non-employee directors. No option or restricted stock awards, long-term incentive plan payouts or other types of payments, other than the amount identified in the chart below, were paid to these directors during the fiscal year ended September 30, 2018.



**Director Compensation Fiscal Year 2018**

| <b><u>Name</u></b>    | <b>Fees<br/>Earned<br/>or<br/>Paid in<br/>Cash</b> | <b>Stock<br/>Awards(1)</b> | <b>Total</b> |
|-----------------------|--|----------------------------|--------------|
| Scott L. Anchin       | \$25,000   | \$ 55,750                  | \$80,750     |
| Laura M. Clague       | \$25,000   | \$ 55,750                  | \$80,750     |
| John G. Coburn        | \$25,000   | \$ 55,750                  | \$80,750     |
| Daniel H. McCollum    | \$25,000   | \$ 55,750                  | \$80,750     |
| Richard H. Osgood III | \$25,000   | \$ 55,750                  | \$80,750     |

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Reflects the aggregate grant date fair value for restricted stock units granted during the fiscal year ended September 30, 2018, computed in accordance with ASC 718, "Compensation-Stock Compensation." Assumptions (1) used in the calculation of these amounts are included in the notes to our audited financial statements for the fiscal year ended September 30, 2018, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 21, 2018.

Each of our non-employee directors receives a grant of 25,000 restricted stock units annually on the date of our annual meeting of stockholders, subject to the overall director compensation limits set forth in the Amended Plan. Each of our non-employee directors also receives an annual cash retainer equal to \$25,000, which is paid in equal quarterly installments and is prorated for partial year service. No additional amounts are payable for committee participation.

**EQUITY COMPENSATION PLAN INFORMATION**

At September 30, 2018, we had two equity incentive plans under which equity securities are or have been authorized for issuance to our employees, consultants or directors: the Amended and Restated 2015 Equity Incentive Plan and the 2005 Equity Incentive Plan. Each of these plans was approved by our stockholders. The following table sets forth information as of September 30, 2018.

| <b><u>Plan Category</u></b> | <b>Number of Securities to<br/>be Issued Upon Exercise</b> | <b>Weighted-Average<br/>Exercise Price of</b> | <b>Number of Securities<br/>Remaining Available for</b> |
|-----------------------------|--|---|---|
|-----------------------------|--|---|---|

**of Outstanding Options, Outstanding Options, Future Issuance Under  
Warrants and Rights (a) Warrants and Rights (b) Equity Compensation Plans  
(Excluding Securities  
Reflected in Column (a)) (c)**

|  |           |        |           |
|--|-----------|--------|-----------|
| Equity compensation plans approved by security holders     | 3,394,858 | \$2.21 | 2,119,025 |
| Equity compensation plans not approved by security holders | —         | —      | —         |
| Total  | 3,394,858 | \$2.21 | 2,119,025 |

### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

General Coburn and Messrs. Anchin and Osgood served on the Compensation Committee during the fiscal year 2018. None of the members of our Compensation Committee during the fiscal year ended September 30, 2018 are or were formerly officers or employees of our company. No executive officer of our company (1) served as a member of the compensation committee (or other committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Compensation Committee, (2) served as a director of another entity, one of whose executive officers served on our Compensation Committee, or (3) served as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director of our company.

### REPORT OF THE AUDIT COMMITTEE

*Introductory Note:* The following report is not deemed to be incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act or under the Exchange Act, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed soliciting material or filed under such acts.

The following is the report of the Audit Committee with respect to our audited financial statements for the fiscal year ended September 30, 2018.

The Audit Committee has reviewed and discussed the audited financial statements of LRAD Corporation with management. The Audit Committee has discussed with Squar Milner LLP, our independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees as adopted by the Public Company Accounting Oversight Board. The Audit Committee has also received written disclosures and the letter from Squar Milner LLP required by applicable requirements of the Public Company

Accounting Oversight Board regarding the independent accounting firm's communications with the audit committee concerning independence, and has discussed with Squar Milner LLP its independence from our company.

The Audit Committee acts pursuant to the Audit Committee Charter adopted by the Board of Directors. Each of the members of the Audit Committee qualifies as an independent director under the current listing standards of the NASDAQ Stock Market.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that audited financial statements be included in our company's Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

#### AUDIT COMMITTEE

Laura M. Clague

Scott L. Anchin

Daniel H. McCollum

December 4, 2018

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our officers, directors and persons who own more than 10% of any class of our securities registered under Section 12(g) of the Exchange Act to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of copies of such reports furnished to us and written representations that no other reports were required during the fiscal year ended September 30, 2018, we believe that all persons subject to the reporting requirements pursuant to Section 16(a) filed the required reports on a timely basis with the SEC.

#### **TRANSACTIONS WITH RELATED PERSONS**

During the fiscal year ended September 30, 2018 there were no (and there are no currently proposed) transactions in which the amount involved exceeded the lesser of \$120,000 or 1% of the average of total assets at yearend for the last two completed fiscal years to which we were (or are to be) a participant and in which any executive officer, director, nominee for director, 5% beneficial owner of our common stock or member of the immediate family of any of the foregoing persons had (or will have) a direct or indirect material interest.

## **STOCKHOLDER PROPOSALS**

The deadline for submitting a stockholder proposal for inclusion in our proxy statement and form of proxy for our 2020 annual meeting of stockholders pursuant to Rule 14a-8 of the Securities and Exchange Commission is September 27, 2019.

Our bylaws also establish an advance notice procedure with respect to certain stockholder proposals and director nominations. If a stockholder wishes to have a stockholder proposal considered at our 2020 annual meeting, the stockholder must give timely notice of the proposal in writing to our Corporate Secretary. To be timely, a stockholder's notice of the proposal must be delivered to, or mailed and received at our executive offices not earlier than December 13, 2019 and not later than January 12, 2020; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 days from the anniversary of the scheduled date of this year's Annual Meeting, notice by the stockholder to be timely must be so received no earlier than the close of business on the 90<sup>th</sup> day prior to such annual meeting and not later than the close of business on the later of the 60<sup>th</sup> day prior to such annual meeting or, in the event we first make public announcement of the date of such annual meeting fewer than 70 days prior to the date of such annual meeting, the close of business on the 10<sup>th</sup> day following the day on which we first make public announcement of the date of such meeting.

## **OTHER MATTERS**

### **Other Matters Brought Before the Meeting**

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

## **Proxy Solicitation**

We will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this Proxy Statement, the proxy and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of common stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, telegram or personal solicitation by directors, officers or other regular employees of our company. No additional compensation will be paid to directors, officers or other regular employees for such services.

## **Householding of Proxy Materials**

In some cases, stockholders holding their shares in a brokerage or bank account who share the same surname and address and have not given contrary instructions received only one copy of the proxy materials. This practice is designed to reduce duplicate mailings and save printing and postage costs. If you would like to have a separate copy of our annual report and/or proxy statement mailed to you or to receive separate copies of future mailings, please submit your request to the address or phone number that appears on your proxy card. We will deliver such additional copies promptly upon receipt of such request.

In other cases, stockholders receiving multiple copies at the same address may wish to receive only one. If you now receive more than one copy, and would like to receive only one copy, please submit your request to the address or phone number that appears on your proxy card. A copy of our Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended September 30, 2018 has been made available on-line or will be mailed upon request by our proxy service. Exhibits to the Form 10-K are available without charge upon written request to the Secretary at LRAD Corporation, 16262 West Bernardo Drive, San Diego, California 92127.

## **Electronic Delivery of Proxy Materials and Annual Reports**

If you are a stockholder of record, you may request and consent to electronic delivery of our future proxy materials and annual reports by following the instructions on your proxy card. If your shares are held in street name, please contact your broker, bank or other nominee and ask about the availability of electronic delivery. If you select electronic delivery, we will discontinue mailing the proxy materials and annual reports to you beginning next year and you will be sent an e-mail message notifying you of the Internet address or addresses where you may access the proxy materials and annual report. Your consent to electronic delivery will remain in effect until you revoke it. If you selected electronic delivery last year, we will not mail the materials to you this year and you will receive an e-mail

message with the Internet address where you may access the proxy materials and annual report for the current year.

### **Additional Documentation**

A copy of our Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended September 30, 2018 has been made available on-line or will be mailed upon request by our proxy service. Exhibits to the Form 10-K are available without charge upon written request to the Secretary at LRAD Corporation, 16262 West Bernardo Drive, San Diego, California 92127.

### **Accommodations for Attendance at the Annual Meeting**

Any stockholder or stockholder's representative who, because of a disability, may need special assistance or accommodation to allow him or her to participate at the Annual Meeting may request reasonable assistance or accommodation from us by contacting the Secretary at LRAD Corporation, 16262 West Bernardo Drive, San Diego, California 92127 or at (858) 676-1112. To provide us sufficient time to arrange for reasonable assistance or accommodation, please submit all requests by March 5, 2019.

### **IMPORTANT**

Your vote is very important no matter how many shares you own. If your shares are held in your own name, please sign, date and return the enclosed proxy card in the postage-paid envelope provided or submit your proxy by telephone or the internet. Instructions regarding telephone and internet voting are included on the proxy card (or, if applicable, your electronic delivery notice). If your shares are held in "street name," you should provide instructions to your broker, bank, nominee or other institution on how to vote your shares. You may provide instructions to your bank, nominee or other institution over the internet or by telephone if your broker, bank, nominee or other institution offers these options, or you may return the proxy card to your broker, bank, nominee or other institution and contact the person responsible for your account to ensure that a proxy is voted on your behalf.

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Whether you intend to be present at the Annual Meeting or not, we urge you to return your signed proxy card promptly.

By Order of the Board of Directors

/s/ John G. Coburn

General John G. Coburn  
Chairman of the Board

January 25, 2019





