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non-executive employees as an inducement material to the individuals' entering into employment with our company, and the issuances were approved by our Compensation Committee pursuant to NASDAQ Marketplace Rule 4350(i)(1)(A)(iv). The options are exercisable for an aggregate of 57,000 shares of common stock with an exercise price of \$9.48 per share. Each option has a five year term and vests 25% on the first anniversary of the grant date and then quarterly thereafter for the next 12 quarters, subject to continued employment and other conditions.

See Item 8.01 for disclosure regarding compensation to Kalani Jones, our President and Chief Operating Officer.

ITEM 8.01 OTHER EVENTS

COMPENSATION TO EXECUTIVE OFFICERS

On January 27, 2005, our Compensation Committee approved an increase in the annual salary of Mr. Kalani Jones, our President and Chief Operating Officer, from \$200,000 to \$220,000 and awarded Mr. Jones a discretionary performance bonus of \$50,000. In addition, the Compensation Committee granted Mr. Jones an option under our 2002 Stock Option Plan exercisable for 52,500 shares of common stock with an exercise price of \$8.96 per share. This 2002 Stock Option Plan has been approved by our stockholders.

On January 27, 2005, our Compensation Committee also granted Mr. Elwood G. Norris, our Chairman, an option under our 2002 Stock Option Plan exercisable for 70,000 shares of common stock with an exercise price of \$8.96 per share.

Each option described above has a five year term and vests quarterly over 4 years, subject to continued employment and other conditions.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN TECHNOLOGY CORPORATION

Date: January 31, 2005

By: /S/ MICHAEL A. RUSSELL

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Michael A. Russell  
Chief Financial Officer

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