APPLIED ENERGETICS, INC.
Form PREC14A
January 18, 2018

SCHEDULE 14A
Consent Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant [ ]

Filed by a Party other than the Registrant [X]

Check the appropriate box:

[X] Preliminary Consent Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[ ] Definitive Consent Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to § 240.14a-12

Applied Energetics, Inc.
(Name of Registrant as Specified In Its Charter)

Bradford T. Adamczyk
Jonathan R. Barcklow
Thomas C. Dearmin
John E. Schultz Jr.
Oak Tree Asset Management Ltd.
(Name of Person(s) Filing Consent Statement, if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

[X] No fee required.

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

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

2) Aggregate number of securities to which transaction applies:

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):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

[ ] 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:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

[Preliminary Consent Solicitation Statement – Subject to Completion]
[ ], 2018

To Our Fellow Stockholders of Applied Energetics, Inc.:

This Consent Statement and the enclosed WHITE consent card are being furnished by Bradford T. Adamczyk, Jonathan R. Barcklow, Thomas C. Dearmin, John E. Schultz Jr. and Oak Tree Asset Management Ltd. (collectively, the "Investors," "we" or "us"), in connection with our solicitation of written consents (the "Consent Solicitation") from the stockholders of Applied Energetics, Inc., a Delaware corporation ("Applied Energetics" or the "Company"). We collectively own approximately 3.63% of the outstanding common stock of the Company.

We are soliciting your consent for a number of proposals, the effect of which will be to remove the sole member of the Board of Directors of the Company (the "Board") currently in office (and any person who may be appointed by the incumbent director to fill any vacancy or newly created directorship prior to the effectiveness of these proposals) and to elect Mr. Adamczyk, Mr. Barcklow and Mr. Dearmin (collectively, the "Nominees") as directors of the Company. By providing your consent, you will help enable stockholders to reconstitute the Board and management of the Company and ensure that the best interests of the Company and all of its stockholders are being looked after by the Board.

As you probably know, the Company is in a severe financial condition. As of September 30, 2017, the Company had $14,521 in cash and cash equivalents. Its shares were delisted from The Nasdaq Stock Market in January 2012, and have since traded on the OTCQB stock market. As of [ ], the closing price for a share of the Company's common stock was [ ]. The Company suspended its business activities in 2014 and reported under federal securities laws as a "shell company" from the fourth quarter of 2014 through the first quarter of 2017. Since the Company's delisting, its financial condition has continued to deteriorate.

The Company has not held an annual meeting of stockholders since 2011. For almost two years, George P. Farley, age 78, has served as the sole director and officer of the Company. In 2016 – while the Company was a "shell company" – Mr. Farley, acting as the sole director and officer, caused the Company to issue 25,000,000 shares of common stock of the Company to himself. He also unilaterally set his 2016 compensation at $175,000. Neither the share issuance nor Mr. Farley's compensation was approved by independent directors or the Company's stockholders.

Our objective is to put in place a new Board that can execute a strategy most likely to lead to a turnaround in the Company's financial performance and the realization of its potential. If the Nominees are elected to the Board, they intend to promptly appoint Mr. Dearmin – the Company's former President and Chief Executive Officer – as Acting Chief Executive Officer until a permanent Chief Executive Officer is retained. We believe that the Company has technology that can be monetized in the defense and commercial industries, and we are committed to implementing and overseeing a business strategy designed to create stockholder value and objectively consider a variety of strategic alternatives that might be available to the Company. If our Consent Solicitation is successful, the Nominees will constitute the Board.

We urge you to carefully consider the information contained in the attached Consent Statement and then support our efforts by promptly signing, dating and returning the enclosed WHITE consent card by mailing it to our proxy solicitor, Laurel Hill Advisory Group, at 2 Robbins Lane, Suite 201, Jericho, New York 11753 or emailing it to us at aeinvestors1@gmail.com. The attached Consent Statement and the enclosed WHITE consent card are first being furnished to stockholders on or about [ ]. We urge you not to sign any revocation of consent card that may be sent to you by Applied Energetics.

Thank you for your consideration,

Bradford T. Adamczyk
Jonathan R. Barcklow
Thomas C. Dearmin
John E. Schultz Jr.
Oak Tree Asset Management Ltd.

CONSENT STATEMENT

OF

BRADFORD T. ADAMCZYK, JONATHAN R. BARCKLOW, THOMAS C. DEARMIN, JOHN E. SCHULTZ JR. AND OAK TREE ASSET MANAGEMENT LTD.

PLEASE SIGN, DATE AND RETURN THE ENCLOSED WHITE CONSENT CARD TODAY

This Consent Statement and the enclosed WHITE consent card are being furnished by Bradford T. Adamczyk, Jonathan R. Barcklow, Thomas C. Dearmin, John E. Schultz Jr. and Oak Tree Asset Management Ltd. (collectively, the "Investors," "we" or "our") in connection with our solicitation of written consents (the "Consent Solicitation") from you, holders of shares of common stock, par value $0.001 per share (the "Common Stock"), of Applied Energetics, Inc., a Delaware corporation ("Applied Energetics" or the "Company"). This Consent Solicitation is not being made by or on behalf of the Company or its Board of Directors (the "Board").

A solicitation of written consents is a process that allows a corporation's stockholders to act by submitting written consents to any proposed stockholder actions in lieu of voting in person or by proxy at an annual or special meeting of stockholders. Whereas at an annual or special meeting of stockholders, the election of directors requires a plurality of the votes cast by the stockholders present in person or by proxy and entitled to elect directors and the approval of other matters generally requires a majority of the votes cast by the stockholders present in person or by proxy (unless a greater vote is required by the certificate of incorporation, the bylaws or applicable law), the approval of all matters by written consent of stockholders (including the Proposals (as defined below)) requires the affirmative consent of the holders of record of a majority of the outstanding shares of Common Stock entitled to vote.

We are soliciting written consents from the holders of shares of Common Stock to take the following actions (each, as more fully described in this Consent Statement, a "Proposal" and together, the "Proposals"), in the following order, in lieu of a meeting of stockholders, in accordance with Delaware law:

Proposal 1 - Repeal any provision of the Amended and Restated By-Laws of the Company (the "Bylaws") in effect immediately prior to the time this Proposal becomes effective that was not included in the Bylaws filed by the Company with the Securities and Exchange Commission (the "SEC") as an exhibit to the Company's Quarterly Report on Form 10-Q on August 9, 2007, the last date of reported changes to the Bylaws ("Proposal 1"). Proposal 1 is designed to prevent the current Board from taking actions to amend the Bylaws in an attempt to nullify, impede or delay the actions taken by stockholders under the Proposals.

Proposal 2 - Remove, with cause, George P. Farley from the Board (and any person or persons, other than those elected by this Consent Solicitation, elected, appointed or designated by the Board (or any committee thereof) to fill any vacancy or newly created directorship on or after October 31, 2017, which is the last date the Company reported on the composition of the Board in a filing with the SEC, and prior to the time that any of the actions proposed to be taken by this Consent Solicitation become effective) ("Proposal 2").

Proposal 3 - Elect Bradford T. Adamczyk, Jonathan R. Barcklow and Thomas C. Dearmin (the "Nominees") as directors on the Board (or if any Nominee becomes unable or unwilling to serve as a director of Applied Energetics or if the size of the Board is increased, in either case prior to the effectiveness of this Proposal, any other person who is

designated as a Nominee by the Investors) (“Proposal 3”).

If we are successful in our Consent Solicitation, the Board will be composed of the Nominees.

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Each Proposal will be effective without further action when we deliver to Applied Energetics consents from the holders of a majority of the outstanding shares of the Common Stock in accordance with Section 228 of the General Corporation Law of the State of Delaware (the "DGCL"). In order for the Proposals to be adopted, Applied Energetics must receive the unrevoked written consents signed and dated by the holders of a majority of the outstanding shares of Common Stock as of the close of business on the Record Date (as defined below), within 60 calendar days of the date on which the first written consent is delivered to the Company. For purposes of this Consent Solicitation, pursuant to Section 213 of the DGCL, the "Record Date" shall be deemed to be [ ].

We request that you promptly sign, date and return the WHITE consent card to us by mailing it to our proxy solicitor, Laurel Hill Advisory Group, at 2 Robbins Lane, Suite 201, Jericho, New York 11753 or emailing it to us at aeinvestors1@gmail.com.

If you hold your shares of Common Stock registered in your own name (for example, you hold a stock certificate in your name), you can submit your consent by signing, dating and returning the WHITE consent card to us. If you hold your shares in "street" name with a bank, broker firm, dealer, trust company or other nominee, you must either give instructions to your bank, broker firm, dealer, trust company or other nominee on how to consent with respect to your shares of Common Stock or you must obtain a "legal proxy" authorizing you to execute a consent with respect to your shares of Common Stock held in "street name." If you obtain a "legal proxy," a copy of the "legal proxy" and the signed and dated WHITE consent card should be returned to us.

The Investors are deemed participants in this Consent Solicitation. See the section titled "INFORMATION ON THE PARTICIPANTS" on page [ ] of this Consent Statement for more information.

This Consent Statement and WHITE consent card are first being sent or given to the stockholders of Applied Energetics on or about [ ], 2018.

WE URGE YOU TO ACT TODAY TO ENSURE THAT YOUR CONSENT WILL COUNT.

We reserve the right to submit to Applied Energetics consents at any time following the first written consent delivered to Applied Energetics. See the section below titled "CONSENT PROCEDURE" for additional information regarding such procedures.

As of November 12, 2017, there were 157,785,520 shares of Common Stock outstanding, as reported in the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 14, 2017, each entitled to one vote per share. The percentages of stock ownership reported in this Consent Statement are based on such 157,785,520 shares of Common Stock outstanding. The mailing address of the principal executive office of Applied Energetics is 2480 W Ruthrauff Road, Suite 140 Q, Tucson, Arizona 85705.

As of the date of this filing, the Investors were the beneficial owners of an aggregate of 5,730,317 shares of Common Stock, constituting approximately 3.63% of the outstanding shares of Common Stock.

We urge you to vote in favor of the Proposals by signing, dating and returning the enclosed WHITE consent card. If you take no action, you will in effect be rejecting the Proposals. The failure to execute and return a consent, "abstentions" and "withheld consents" will have the same effect as a "no" vote.

IMPORTANT
PLEASE READ THIS CAREFULLY

If your shares of Common Stock are registered in your own name, please submit your consent today by signing, dating and returning the enclosed WHITE consent card by mail, email or fax.

If you hold your shares in "street" name with a bank, broker firm, dealer, trust company or other nominee, only that nominee can exercise the right to consent with respect to the shares of Common Stock that you beneficially own through such nominee and only upon receipt of your specific instructions. Accordingly, it is critical that you promptly contact and give instructions to your bank, broker firm, dealer, trust company or other nominee to execute a consent in favor of the Proposals. We urge you to confirm in writing your instructions to the person responsible for your account and provide a copy of those instructions to us, c/o Laurel Hill Advisory Group, 2 Robbins Lane, Suite 201, Jericho, New York 11753, so that we will be aware of all instructions given and can attempt to ensure that such instructions are followed. Alternatively, you must obtain a "legal proxy" from the record holder authorizing you to execute the consent card. If you execute a consent card pursuant to a "legal proxy," a copy of that "legal proxy" should accompany your consent card when you return it to us.

Execution and delivery of a consent by a record holder of shares of Common Stock will be presumed to be a consent with respect to all shares held by such record holder unless the consent specifies otherwise.

Only holders of record of shares of Common Stock as of the close of business on the Record Date will be entitled to consent to the Proposals. If you are a stockholder of record as of the close of business on the Record Date, you will retain your right to consent even if you sell your shares of Common Stock after the Record Date.

If you take no action, you will in effect be rejecting the Proposals. Abstentions, withheld consents and failures to consent will have the same effect as rejecting the Proposals.

If you have any questions regarding the Proposals, please contact Thomas C. Dearmin at (949) 842-2844 or aeinvestors1@gmail.com. If you have any questions regarding your WHITE consent card or need assistance in executing your consent, please contact our proxy solicitor as follows:

Laurel Hill Advisory Group
2 Robbins Lane, Suite 201
Jericho, New York 11753
Banks and Brokers Call (516) 933-3100
All Others Call Toll-Free (888) 742-1305

QUESTIONS AND ANSWERS ABOUT THIS CONSENT SOLICITATION

The following are some of the questions you, as a stockholder, may have and answers to those questions. The following is not meant to be a substitute for the information contained in the remainder of this Consent Statement, and the information contained below is qualified by the more detailed descriptions and explanations contained elsewhere in this Consent Statement. We urge you to carefully read this entire Consent Statement prior to making any decision on whether to grant any consent hereunder.

WHO IS MAKING THE SOLICITATION?

The solicitation is being made by the Investors, being Bradford T. Adamczyk, Jonathan R. Barcklow, Thomas C. Dearmin, John E. Schultz Jr. and Oak Tree Asset Management Ltd. As of the date of this filing, the Investors were the beneficial owners of an aggregate of 5,730,317 shares of Common Stock, constituting approximately 3.63% of the currently issued and outstanding shares of Common Stock. Mr. Dearmin is a former officer and director of the Company, and Mr. Schultz is a former consultant to the Company. For additional information on the participants in this solicitation, please see the section titled “INFORMATION ON THE PARTICIPANTS” on page [ ] of this Consent Statement.

WHAT ARE WE ASKING THAT THE STOCKHOLDERS CONSENT TO?

We are asking you to consent to three corporate actions. Proposal 1 seeks to repeal any provision of the Bylaws in effect immediately prior to the time such Proposal becomes effective that was not included in the Bylaws filed by the Company with the SEC as an exhibit to its Quarterly Report on Form 10-Q on August 9, 2007. Proposal 2 seeks to remove, with cause, George P. Farley, and each other member of the Board, if any, appointed to the Board (or any committee thereof) to fill any vacancy since October 31, 2017, which is the last date on which the Company confirmed the composition of the Board in a filing with the SEC, and immediately prior to the effectiveness of these Proposals. Proposal 3 seeks to elect the Nominees to the Board. See the section below titled “THE PROPOSALS” beginning on page [ ] of this Consent Statement for more information.

WHO ARE THE NOMINEES THAT WE ARE PROPOSING TO ELECT TO THE BOARD?

We are asking you to elect each of the Nominees, being Bradford T. Adamczyk, Jonathan R. Barcklow and Thomas C. Dearmin, to serve as a director of Applied Energetics. As described in this Consent Statement, Mr. Adamczyk and Mr. Dearmin are stockholders of the Company. With the exception of Mr. Dearmin, who served as President, Chief Executive Officer, Chief Financial Officer and Vice Chairman of the Company (under its former name, Ionatron, Inc.) at various times from 2004 to 2007, none of the Nominees has or has ever had any business or financial ties to the Company. For information regarding the Nominees, please see the section below titled “THE PROPOSALS – PROPOSAL 3 – ELECTION OF DIRECTORS” on page [ ] of this Consent Statement.

WHY ARE WE SOLICITING YOUR CONSENT?

This solicitation is being undertaken in order to elect the Nominees to the Board. We are disappointed with the Company and believe Mr. Farley, as the sole director and officer of the Company, has not taken actions to maximize stockholder value and has engaged in self-dealing transactions by causing the Company to issue shares to him and setting his own compensation. For information regarding the reasons we are soliciting your consent, please see the section below titled “REASONS FOR OUR SOLICITATION” beginning on page [ ] of this Consent Statement.

DO THE ORGANIZATIONAL DOCUMENTS OF THE COMPANY PERMIT STOCKHOLDERS TO TAKE ACTION BY WRITTEN CONSENT?

Yes. Section 228 of the DGCL expressly provides that a corporation's stockholders are permitted to take action by written consent "[u]nless otherwise provided in the certificate of incorporation." In addition, Delaware courts have held that the power of stockholders to act by written consent may be modified or eliminated only by the certificate of incorporation and have accordingly invalidated bylaws that effectively prohibit stockholder action by written consent (see, e.g., Allen v. Prime Computer, Inc., 540 A.2d 417 (Del. 1988)). Neither the Company's Certificate of Incorporation, as amended ("Certificate of Incorporation") nor its Bylaws restrict the power of the stockholders to act by written consent.

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IF THE CONSENT SOLICITATION IS SUCCESSFUL, WILL IT HAVE ANY EFFECT ON THE MATERIAL AGREEMENTS OF THE COMPANY?

We are not aware of any material agreements of the Company that would be adversely affected if the Consent Solicitation is successful.

WHO IS ELIGIBLE TO CONSENT TO THE PROPOSALS?

If you are a holder of Common Stock as of the close of business on the Record Date, you have the right to consent to the Proposals. Under Delaware law, the Record Date will be used to determine stockholders entitled to give their written consent to the Proposals pursuant to this Consent Solicitation. Please see the section below titled "CONSENT PROCEDURES" beginning on page [ ] of this Consent Statement.

WHEN IS THE DEADLINE FOR SUBMITTING CONSENTS?

We urge you to submit your consent as soon as possible. In order for the Proposals to be adopted, Applied Energetics must receive unrevoked written consents signed by the holders of a majority of the outstanding shares of Common Stock as of the close of business on the Record Date, within 60 calendar days of the first date on which a written consent is delivered to the Company. Effectively, this means that you have until [ ] to consent to the Proposals. However, we reserve the right to submit to the Company consents at any time following the first date on which a written consent is submitted to the Company in order to adopt the Proposals. WE URGE YOU TO ACT PROMPTLY TO ENSURE THAT YOUR CONSENT WILL COUNT.

For more information about submitting consents, please see the section below titled "CONSENT PROCEDURES" beginning on page [ ] of this Consent Statement.

HOW MANY CONSENTS MUST BE RECEIVED IN ORDER TO ADOPT THE PROPOSALS AND WHEN WILL THE PROPOSALS BECOME EFFECTIVE?

The Proposals will be adopted and become effective when properly completed, unrevoked consents are signed by the holders of a majority of the outstanding shares of Common Stock as of the close of business on the Record Date and delivered to the Company in accordance with applicable law.

According to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 14, 2017, as of November 12, 2017 there were 157,785,520 shares of Common Stock outstanding, each entitled to one consent per share. Cumulative voting is not permitted. On that basis, the consent of the holders of at least 78,892,761 shares of Common Stock would be necessary to effect these Proposals.

For more information, please see the section below titled "CONSENT PROCEDURES" beginning on page [ ] of this Consent Statement.

WHAT SHOULD YOU DO TO CONSENT TO THE PROPOSALS?

Record Holders: If your shares of Common Stock are registered in your own name, please submit your consent to us by signing, dating and returning the enclosed WHITE consent card by emailing it to aeinvestors1@gmail.com or mailing it to us at Laurel Hill Advisory Group, at 2 Robbins Lane, Suite 201, Jericho, New York 11753.

Street Name Holders:

If you hold your shares in “street” name with a bank, broker firm, dealer, trust company or other nominee, only that nominee can exercise the right to provide consent with respect to the shares of Common Stock you beneficially own through such nominee and only upon receipt of your specific instructions. Accordingly, it is critical that you promptly give instructions to your bank, broker firm, dealer, trust company or other nominee to execute a consent in favor of the Proposals with respect to the shares you beneficially own through such nominee. Please follow the instructions to consent provided on the enclosed WHITE consent card. If your bank, broker firm, dealer, trust company or other nominee provides for consent instructions to be delivered to them by telephone or Internet, instructions will be included on the enclosed WHITE consent card. We urge you to confirm in writing your instructions to the person responsible for your account and provide a copy of those instructions to us, c/o Laurel Hill Advisory Group, 2 Robbins Lane, Suite 201, Jericho, New York 11753, so that we will be aware of all instructions given and can attempt to ensure that such instructions are followed.

Alternatively, you can obtain a “legal proxy” from the record holder authorizing you to execute a consent with respect to the Common Stock held by such record holder on your behalf. Please act promptly to request a “legal proxy” through your bank, broker firm, dealer, trust company or other nominee. If you execute a written consent pursuant to a “legal proxy,” the “legal proxy” should accompany the written consent when you return it to us.

For more information, please see the section below titled “CONSENT PROCEDURES” beginning on page [ ] of this Consent Statement.

CAN YOU REVOKE YOUR CONSENT?

Yes. An executed consent card may be revoked at any time by marking, dating, signing and delivering a written revocation before the time that the action authorized by the executed consent becomes effective. The delivery of a subsequently dated consent card that is properly completed will constitute a revocation of any earlier consent. The revocation may be delivered either to the Company or to Laurel Hill Advisory Group, 2 Robbins Lane, Suite 201, Jericho, New York 11753. Please see the section below titled “CONSENT PROCEDURES” beginning on page [ ] of this Consent Statement.

WHOM SHOULD YOU CONTACT IF YOU HAVE QUESTIONS ABOUT THE SOLICITATION?

If you have questions about the Proposals, please contact Thomas C. Dearmin at (949) 842-2844 or aeinvestors1@gmail.com. If you have questions regarding your WHITE consent card or need assistance executing your consent, please contact our proxy solicitor as follows:

Laurel Hill Advisory Group
2 Robbins Lane, Suite 201
Jericho, New York 11753
Banks and Brokers Call (516) 933-3100
All Others Call Toll-Free (888) 742-1305

INFORMATION ON THE PARTICIPANTS

This Consent Solicitation is being made by the Investors, who are considered the participants in this Consent Solicitation.

The principal business address of each Investor is disclosed in Annex I of this Consent Statement.

As of the date of this filing, the Investors beneficially owned an aggregate of 5,730,317 shares of Common Stock, constituting approximately 3.63% of the shares of Common Stock outstanding, which are beneficially owned as follows:

Bradford T. Adamczyk: 1,235,081 total shares of Common Stock, of which (i) 671,482 shares are held directly and (ii) 563,599 shares are held indirectly through MoriahStone Investment Management, for which Mr. Adamczyk is the sole owner and manager;

Thomas C. Dearmin: 2,612,724 total shares of Common Stock held indirectly through the Dearmin Family Trust, for which Mr. Dearmin serves as trustee;

John E. Schultz Jr.: 1,132,470 total shares of Common Stock, of which (i) 358,798 shares are held directly, (ii) 3,350 shares are held indirectly through Optima Venture Partners LLC, for which Mr. Schultz is the 95% owner and manager and (iii) 770,322 shares are held indirectly by Mr. Schultz's wife; and

Oak Tree Asset Management Ltd., of which Mr. Schultz is the 99% owner and President and Corporate Manager: 750,042 total shares of Common Stock held directly. 500,000 of those shares of Common Stock were issued as payment for services that Mr. Schultz rendered to the Company in March 2017.

The Investors intend to consent in favor of the Proposals with respect to their shares of Common Stock.

The Investors may be deemed to have formed a "group," within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), with respect to their voting control over such shares of Common Stock.

Please see Annex I for additional information about the participants and all transactions in the Common Stock effectuated by the participants during the past two years.

REASONS FOR OUR SOLICITATION

Our objective is to put in place a new Board that can execute a strategy most likely to lead to a turnaround in financial performance and the realization of Applied Energetics' potential. We believe that the Company has potentially valuable assets and are committed to adopting and overseeing a business strategy designed to create value for stockholders.

The Company's shares were delisted from The Nasdaq Stock Market ("Nasdaq") on January 6, 2012. Since then, the Common Stock has traded on the OTCQB under the ticker "AERG." In October 2014, the Board determined that the Company suspended its business activities. In the fourth quarter of 2014, the Company started reporting under federal securities laws as a "shell company" (as such term is defined in Rule 12b-2 of the Exchange Act), which continued until

the first quarter of 2017. The Company has not held an annual meeting of stockholders since 2011.

Since February 2016, George P. Farley, age 78, has served as the sole director and officer of the Company, holding the titles of Chairman, Chief Executive Officer and Principal Financial Officer. Mr. Farley, who joined the Board in 2004, was last elected by the stockholders as a director in 2009, so his three-year term as director would have expired at the 2012 annual meeting of stockholders if such a meeting had been held. Under Delaware law and the Company's Certificate of Incorporation, he remains in office as a director until his successor is duly elected. Mr. Farley is also the sole member of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Mr. Farley, together with an entity that is controlled by one of his family members, owns 25,000,000 shares of Common Stock, or approximately 15.9% of the outstanding shares of Common Stock. As described below, Mr. Farley issued such shares to himself while serving as the sole director and officer of the Company.

Our knowledge and assessment of the Company's current financial condition and prospects is limited by the lack of information disclosed by the Company. To our knowledge, the Company no longer has a functional office or headquarters. The Company's disclosures filed with the SEC, however, indicate that the Company continues to be in severe financial condition, increasing the prospect that the Company may ultimately become bankrupt. For example, the Company's operations in 2016 resulted in a net loss of approximately $(493,000), an increase of approximately $(269,000) compared to the approximately $(224,000) net loss for 2015. As of September 30, 2017, the Company had $14,521 in cash and cash equivalents and reported a net loss of $(464,285) for the nine-months ended September 30, 2017. On several occasions, the Company has been late in making required filings with the SEC.

While serving as the sole director and officer of the Company, we believe Mr. Farley has engaged in self-dealing transactions, despite the Company's dire financial condition. According to the Company's SEC filings:

On March 23, 2016, Mr. Farley caused the Company to issue 20,000,000 shares of Common Stock to himself at a price of $0.001 per share. Mr. Farley subsequently gifted these shares to AnneMarieCo, LLC, which is an entity beneficially owned by a family member of Mr. Farley.

On March 30, 2016, Mr. Farley caused the Company to issue an additional 5,000,000 shares of Common Stock to himself.

In 2016, Mr. Farley, as the sole director and member of the Compensation Committee, awarded himself annual compensation of $175,000, consisting of a salary of $150,000 and stock awards equal to $25,000. Because of its poor financial condition and lack of cash, the Company only paid Mr. Farley $24,500 of his salary in 2016. However, Mr. Farley, as the sole director, directed the Company to accrue his salary annually and pay it when the Company has sufficient funds, despite the Company's lack of operations.

According to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2017 filed with the SEC on November 14, 2017, the Company had accrued officer compensation of $233,000, even though Mr. Farley is the only officer, and accrued compensation of $245,733.

In late 2017, Mr. Farley caused the Company to file with the SEC a registration statement on Form S-1 which, among other things, registers and offers to sell the 20,000,000 shares of Common Stock that he had issued to himself and subsequently gifted to one of his family members. In November 2017, the Company's registration statement was declared effective by the SEC.

The combined 25,000,000 shares of Common Stock that Mr. Farley caused the Company to issue to himself in March 2016 and which are now held by him or controlled by his family member constituted approximately 16.2% of the outstanding shares of Common Stock at such time (as reported by Mr. Farley in a Schedule 13D filed with the SEC on April 5, 2016) and constitute approximately 15.9% of the shares of Common Stock currently outstanding (based on the 157,785,520 shares of Common Stock reported as outstanding in the Company's Quarterly Report on Form 10-Q filed with the SEC on November 14, 2017).

Neither the March 2016 share issuances, Mr. Farley's 2016 or 2017 compensation nor the registration of Mr. Farley's family member's shares of Common Stock were approved by independent directors or by the Company's stockholders. In fact, the March 2016 share issuances to Mr. Farley occurred approximately one month after the resignation of the

last director whom the Company identified as being independent, leaving Mr. Farley as the only Board member. In addition, the share issuances were taken by the Company while it was essentially non-operational and maintaining a "shell company" status. Mr. Farley has not provided any evidence to support the fairness of the process or price of the share issuances or his compensation.

Also in March 2016, Mr. Farley caused the Company to purportedly amend its Certificate of Incorporation to increase the number of authorized shares of Common Stock from 125,000,000 to 500,000,000 (the "2016 Amendment"). The 2016 Amendment was effected in connection with Mr. Farley's decision to cause the Company to issue 25,000,000 shares of Common Stock to himself, as described above. Under Delaware law, however, the 2016 Amendment required stockholder approval. Mr. Farley claims that the approval was obtained in April 2012, even though he apparently waited almost four years to effect it.

In or around January 2017, three of the Company's stockholders, including the Company's then largest unaffiliated stockholder, filed a lawsuit against Mr. Farley in the Court of Chancery of the State of Delaware. The lawsuit, styled Superius Securities Group, Inc. et al. v. George Farley, et al. (CA No. 2017-0024-VCMR), asserted that Mr. Farley acted without proper stockholder approval to effect the 2016 Amendment and breached his fiduciary duties of loyalty, honesty and due care by issuing shares of stock to himself and the Company's legal counsel at below fair market value and failing to pursue corporate opportunities allegedly in the best interests of the Company and its stockholders. In addition, the plaintiffs alleged that Mr. Farley was in possession of material, nonpublic information when he caused the Company to issue 25,000,000 shares of Common Stock to himself. On August 4, 2017, the lawsuit was dismissed without prejudice.

Mr. Farley has also caused the Company to engage in various financing transactions that have been dilutive to stockholders, including:

issuing convertible notes on September 15, 2017 and October 18, 2017 in the amount of $53,000 and $33,000, respectively, for which the Company has reserved 36,369,879 shares of Common Stock and 18,062,397 shares of Common Stock, respectively; and

issuing warrants to a note holder to purchase 1,320,598 shares of Common Stock at an exercise price of $0.0301, which warrants are exercisable over a seven-year period from the date of issuance.

It is unclear how the proceeds from these financing transactions have been used, and we are concerned that they may have been used to pay Mr. Farley's compensation.

As described below in the section titled "BACKGROUND OF THE CONSENT SOLICITATION," Mr. Farley has also refused financing proposals that were conditioned on his resignation because of his desire to maintain control of the Company.

BACKGROUND OF THE CONSENT SOLICITATION

Bradford T. Adamczyk first acquired shares of Common Stock in 2009. Thomas C. Dearmin first acquired shares of Common Stock in 2004 when the Company acquired Ionatron, Inc., of which he was a significant stockholder. Jonathan R. Barcklow is not a current stockholder, having divested his shares of Common Stock in 2006. John E. Schultz Jr. first acquired his shares of Common Stock in 2004. 500,000 shares of Common Stock that are held by Oak Tree Asset Management Ltd., of which Mr. Schultz owns 99% and is President and Corporate Manager, were issued to it by the Company as compensation for services that Mr. Schultz rendered in the first quarter of 2017, which services consisted of assisting the Company in raising $62,500 from third-party investors to help the Company pay for audit and financial reporting expenses.

In 2001, Mr. Dearmin and a colleague started the development work which led to the founding of Ionatron, Inc. in 2002. On March 18, 2004, the Company acquired Ionatron, Inc. and appointed Mr. Dearmin as the President, Chief Executive Officer, Chief Financial Officer and as a director of the Company. Mr. Dearmin served as the President, Chief Executive Officer and Chief Financial Officer of the Company from 2004 until 2006. In August 2006, he resigned his officer positions but served as Vice Chairman until February 18, 2007 and remained a director until May 11, 2007. From March 2004 until May 2007, Mr. Dearmin helped the Company raise approximately $26,543,750 in funding for its operations. Around the time of Mr. Dearmin's departure from the Company in 2007, it had over

$30,000,000 in total assets and no long-term debt, and the Company was well positioned to obtain U.S. Government contracts based on its intellectual property. Mr. Dearmin left the Company to move closer to his family.

During the third quarter of 2016, Mr. Dearmin and Mr. Farley had numerous conversations about the Company's potential and reconstituting management and raising capital in order to turn the Company around and increase stockholder value. During this time, Mr. Dearmin also spoke with numerous potential investors and some existing stockholders of the Company to assess their interest in participating in a financing transaction. This culminated in a financing proposal by a group of investors to attempt to restart the Company, but the proposal was rejected by Mr. Farley.

In October 2016, Mr. Barcklow, Mr. Dearmin and several other potential investors, including some existing stockholders of the Company, met with Mr. Farley and Stephen W. McCahon, a consultant to and former officer of the Company, in Alexandria, Virginia to discuss the Company's status and strategy. At this meeting, Mr. Barcklow and Mr. Dearmin emphasized their view that the Company had potentially valuable technology, including patents and other intellectual property, that could be used in the defense industry and for commercial purposes. Also at this meeting, Mr. Barcklow, Mr. Dearmin and the investors present discussed a proposed financing for the Company to help fund its operations. After several hours, however, Mr. Farley left the meeting and indicated he was not interested in working with Mr. Barcklow, Mr. Dearmin or the other potential investors present at the meeting.

In September 2017, Mr. Dearmin and Mr. Barcklow led a group of interested investors in discussions with Mr. Farley about how to revive the Company and build stockholder value, including through a recapitalization and installing new management. During these discussions, Mr. Dearmin and Mr. Barcklow informed Mr. Farley that the interested investors' willingness to participate in a financing was conditioned on Mr. Farley's resignation and a repurchase of most of his shares of Common Stock. Mr. Farley refused to agree to any financing unless he remained on the Board and maintained his then-existing salary.

Between October and December 2017, Mr. Dearmin had occasional telephone calls with Mr. Farley to discuss the Company's strategy, but they could not agree on a path forward for the Company. During that time, the Investors decided that the best path forward for the Company was to remove Mr. Farley from his positions at the Company.

On [ ], Mr. Dearmin informed Mr. Farley of the charges to remove him for cause.

On [ ], Oak Tree Asset Management Ltd. and Mr. Adamczyk sent a demand to the Company pursuant to Section 220 of the DGCL to inspect a copy of the Company's stockholder list to conduct this Consent Solicitation.

OUR PLANS FOR THE COMPANY

If our Consent Solicitation is successful, the Nominees will constitute the Board and will promptly remove Mr. Farley as an officer of the Company and appoint Mr. Dearmin as the Acting Chief Executive Officer of the Company. Mr. Dearmin, who is willing to accept that position, has over thirty years of experience in compound semiconductor opto-electronic technology as well as seasoned experience serving as a chief executive officer. He also has significant knowledge of the Company's technology and industry, having formed Ionatron, Inc. in June 2002, which was acquired by the Company in 2004, and having served as the Company's President, Chief Executive Officer and Chief Financial Officer from March 2004 until August 2006, as Vice Chairman of the Company from August 2006 until February 2007 and as a director of the Company from March 2004 until May 2007. Mr. Dearmin has indicated that he is willing to serve as Acting Chief Executive Officer without compensation until the Company has improved its cash position, at which time his compensation would be determined by the Board.

Despite the Company's current financial situation, we believe the Company's intellectual property, including ten patent applications, that allows sole source procurement for certain directed energy applications has potentially significant value for stockholders. We believe a reconstituted Board and management team can use this intellectual property to pursue government contracts as well as explore commercial applications in areas such as medical imaging, manufacturing 4.0, novel LED technologies and certain next generation PV solar technology.

The Company will likely need to undertake various financing transactions to raise the funds necessary to help turn around the Company's financial condition and prospects and execute a new strategy. As of the date of this Consent Statement, we estimate that an initial financing of debt or equity securities of approximately $1,500,000 will be necessary as soon as practicable after the Nominees are elected to the Board to provide working capital to fund the Company's business operations and that an additional debt or equity financing of up to $10,000,000 may be required

within 12 months after the initial financing. The timing and amount of funding to be raised in either financing, however, could be different depending on, among other factors, the Company's financial condition and market conditions. These possible financings are estimates and based only on our review of publicly available information about the Company's current financial condition and could change materially after the conclusion of the Consent Solicitation because, for example, we may learn after the Nominees are elected to the Board that the financial condition of the Company is worse than we expected or because Mr. Farley takes actions in response to the Consent Solicitation that harm the Company or limit the Company's alternatives. The Company's stockholders should also be aware that any such financings could be structured in a variety of ways, including registered offerings of debt or equity securities, private placements of debt or equity securities, term loans or other secured or unsecured debt from lenders, that we or other stockholders may participate in any such financings, that equity financings could be dilutive to stockholders and that the Company may not be able to raise sufficient funds to continue its operations.

We intend to identify other potential candidates for the Board who possess military, scientific or other backgrounds and experiences that are relevant to the Company and would assist the Board in discharging its duties. We also intend to identify a permanent Chief Executive Officer to lead the Company. We further intend to investigate various actions taken by Mr. Farley, including the Company's issuance of 25,000,000 shares of Common Stock to him in 2016.

THE PROPOSALS

PROPOSAL 1 – REPEAL OF ADDITIONAL BYLAWS OR BYLAW AMENDMENTS

Proposal 1 is to adopt a resolution which would repeal each provision of the Bylaws or amendments of the Bylaws that are in effect immediately prior to the time this Proposal becomes effective that were not included in the Bylaws filed by the Company with the SEC as an exhibit to its Quarterly Report on Form 10-Q on August 9, 2007 (the last date of reported changes to the Bylaws, as confirmed most recently in Amendment No. 4 to the Registration Statement on Form S-1 filed by the Company with the SEC on October 31, 2017).

The following is the text of the proposed resolution:

"RESOLVED, that any provision of the Amended and Restated By-Laws of Applied Energetics, Inc. (the "Company") in effect as of immediately prior to the adoption of this resolution that was not included in the Amended and Restated By-Laws of the Company filed by the Company with the SEC as an exhibit to its Quarterly Report on Form 10-Q on August 9, 2007 (the last date of reported changes to the Bylaws) (other than any amendment to the Amended and Restated By-Laws of the Company adopted by the stockholders of the Company), be and is hereby repealed."

This Proposal is designed to prevent the current Board from taking actions to amend the Bylaws in an attempt to nullify, impede or delay the actions taken by stockholders under these Proposals or otherwise frustrate the will of stockholders.

If the Board does not effect any change to the version of the Bylaws filed by the Company with the SEC as an exhibit to its Quarterly Report on Form 10-Q on August 9, 2007, this Proposal will have no effect. If, however, the incumbent Board has made changes since that date, this Proposal will restore the Bylaws to the version that was made publicly available in such filing with the SEC on August 9, 2007. We are not currently aware of any specific provisions of the Bylaws that would be repealed by the adoption of this Proposal.

WE URGE YOU TO CONSENT TO PROPOSAL 1.

PROPOSAL 2 – REMOVAL OF DIRECTORS

Stockholders are being asked to approve this Proposal to remove, with cause, George P. Farley as a director and to remove any other person or persons, other than those elected by this Consent Solicitation, elected or appointed to the Board since October 31, 2017 (which is the last date on which the Company confirmed the composition of the Board in a filing with the SEC, as reported in its Amendment No. 4 to the Registration Statement on Form S-1 filed with the SEC on October 31, 2017) and immediately prior to the effectiveness of Proposal 3. This is intended to remove all incumbent directors and address the possibility that the current director might