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Protection Systems Group, from \$185,000 to \$250,000, effective April 1, 2005. This increase reflects an amendment to the letter agreement dated July 30, 2003 under which Mr. Gruenler is employed. The letter agreement also provides for an annual performance bonus of up to 10% of base salary to be determined by the Compensation Committee and the Board of Directors. Mr. Gruenler is now compensated through a broad-based commission arrangement in lieu of an annual performance bonus. Under this arrangement, commissions are awarded for each of our business segments based on achievement of operating plan revenue within the segment, with commissions increasing in percentage if operating plan is exceeded. Executive officers in charge of each business unit recommend an allocation of such commissions amongst sales personnel and themselves, which recommendation is reviewed and approved by the Chairman and the President. All commissions payable to executive officers are then reviewed and approved by the Compensation Committee.

Mr. Gruenler's employment is terminable at-will by us or by Mr. Gruenler for any reason, with or without notice.

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: April 1, 2005

By: /s/ MICHAEL A. RUSSELL

Michael A. Russell
Chief Financial Officer