



**TASER**  
INTERNATIONAL®

# 2004 First Quarter Conference Call

**April 20, 2004**

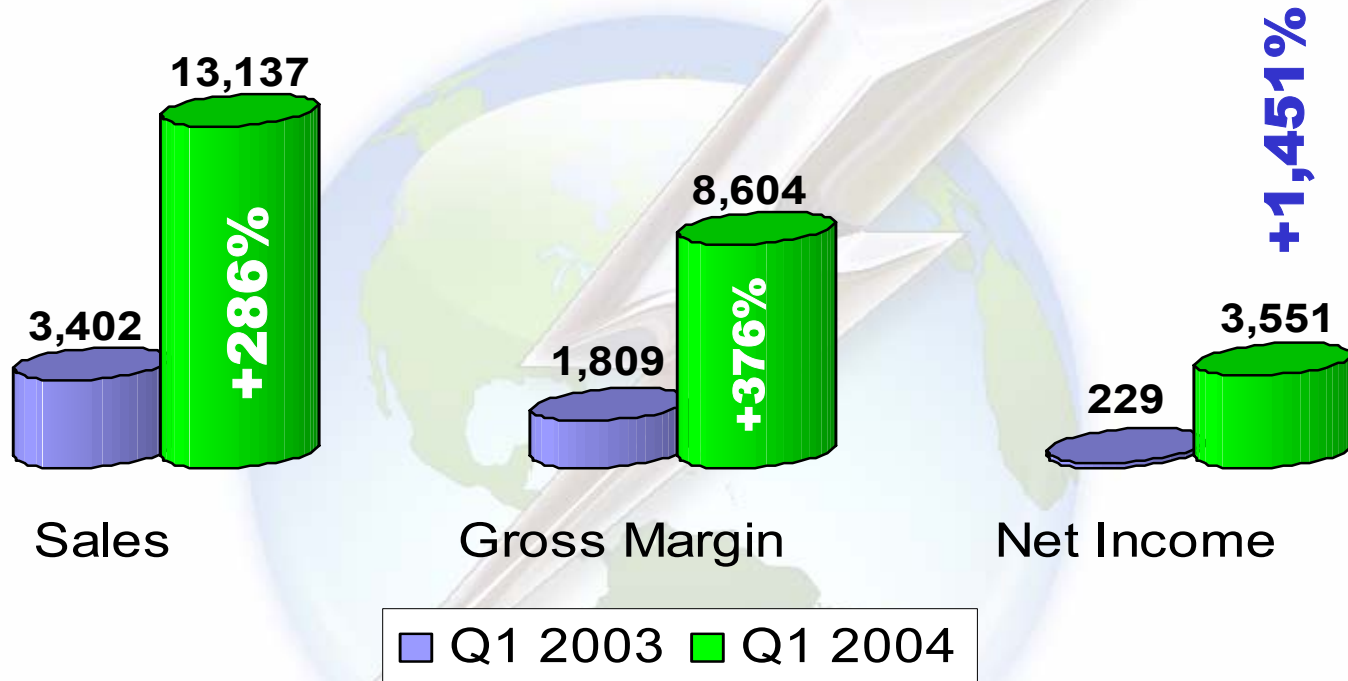


# Safe Harbor Statement

*Certain statements contained in this presentation may be deemed to be forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995, and TASER International intends that such forward-looking statements be subject to the safe-harbor created thereby. Such forward-looking statements relate to: expected revenue and earnings growth; estimations regarding the size of our target markets; successful penetration of the law enforcement market; expansion of product sales to the private security, military and consumer self-defense markets; growth expectations for new and existing accounts; expansion of production capability; new product introductions; and our business model. We caution that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by the forward-looking statements herein. Such factors include, but are not limited to: market acceptance of our products; establishment and expansion of our direct and indirect distribution channels; attracting and retaining the endorsement of key opinion-leaders in the law enforcement community; the level of product technology and price competition for our products; the degree and rate of growth of the markets in which we compete and the accompanying demand for our products; potential delays in international and domestic orders; implementation risks of manufacturing automation; risks associated with rapid technological change; execution and implementation risks of new technology; new product introduction risks; ramping manufacturing production to meet demand; litigation resulting from alleged product related injuries; media publicity concerning allegations of deaths occurring after use of the TASER device and the negative impact this could have on sales; product quality risks; potential fluctuations in quarterly operating results; competition; financial and budgetary constraints of prospects and customers; dependence upon sole and limited source suppliers; fluctuations in component pricing; risks of governmental regulations; dependence upon key employees; employee retention risks; and other factors detailed in the Company's filings with the Securities and Exchange Commission.*

# TASER Financial Results: Q1 2004 vs. Q1 2003

(\$ Thousands)



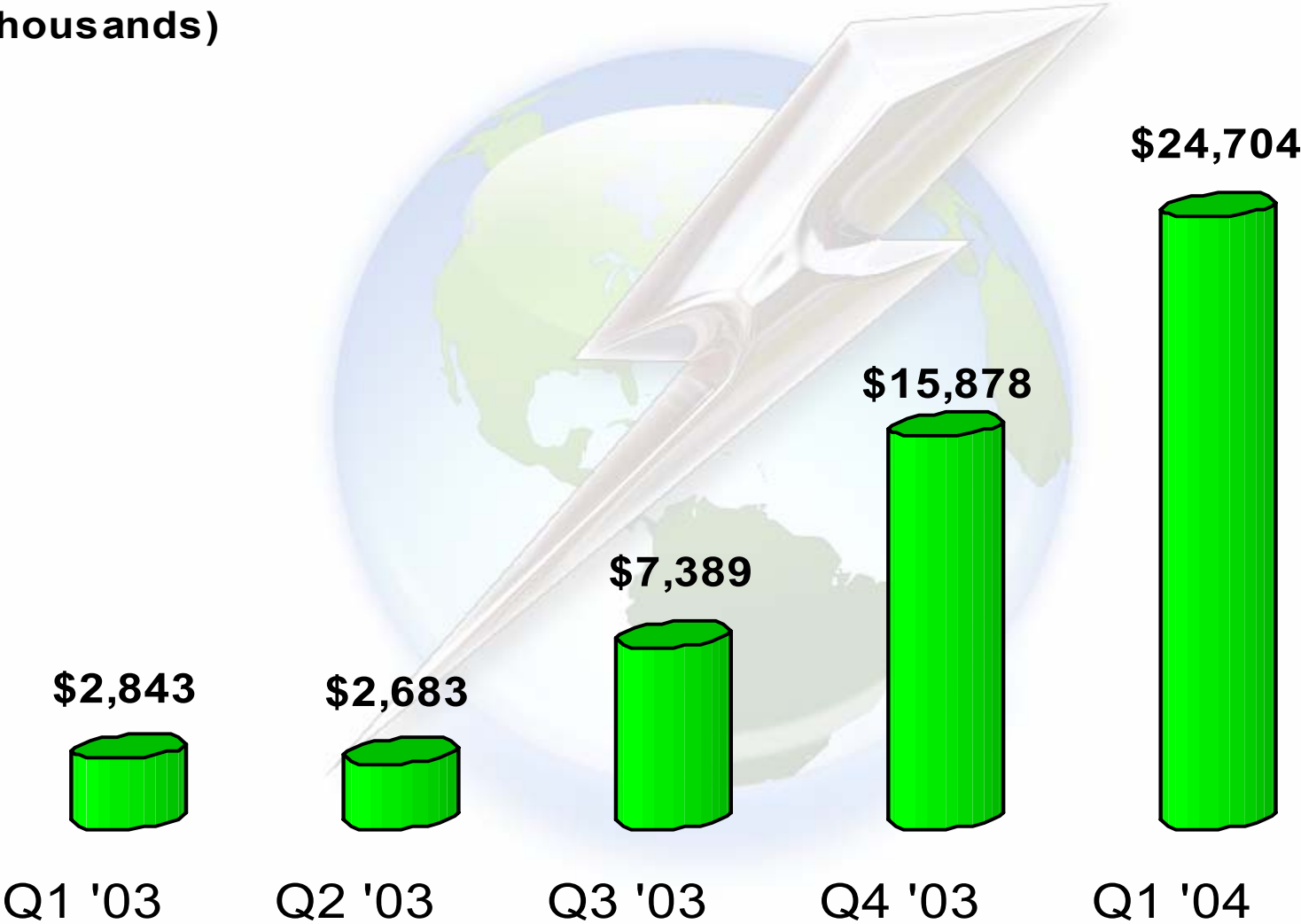
**Record Sales: \$13.1M**

**Record Earnings: \$3.6M**

**Record Profitability: 27% (after tax)**

# Cash Balance

(\$ Thousands)

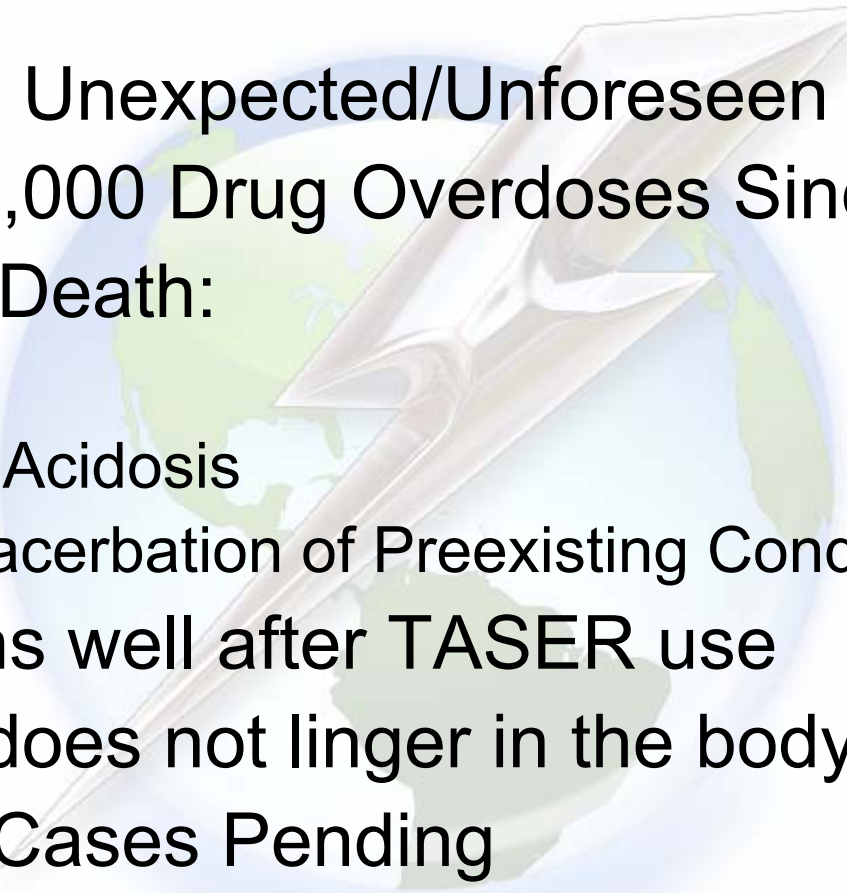


# Challenges

- Media Sensationalism
  - Sudden Unexplained / Unforeseen Deaths



# Sudden Unexpected/Unforeseen Deaths

- 40 Sudden Unexpected/Unforeseen Deaths
  - Approx. 80,000 Drug Overdoses Since 2000
  - Causes of Death:
    - Drugs
    - Metabolic Acidosis
    - Stress Exacerbation of Preexisting Conditions
  - Most deaths well after TASER use
  - Electricity does not linger in the body
  - Review of Cases Pending
  - Over 4,000 Lives Saved
- 

# Challenges

- Media Sensationalism
    - Sudden Unexplained / Unforeseen Deaths
  - Political Concerns
  - Managing Growth
    - People: 199 vs. 77 one year ago
    - Systems: New ERP
    - Quality Control
- 

# Accomplishments



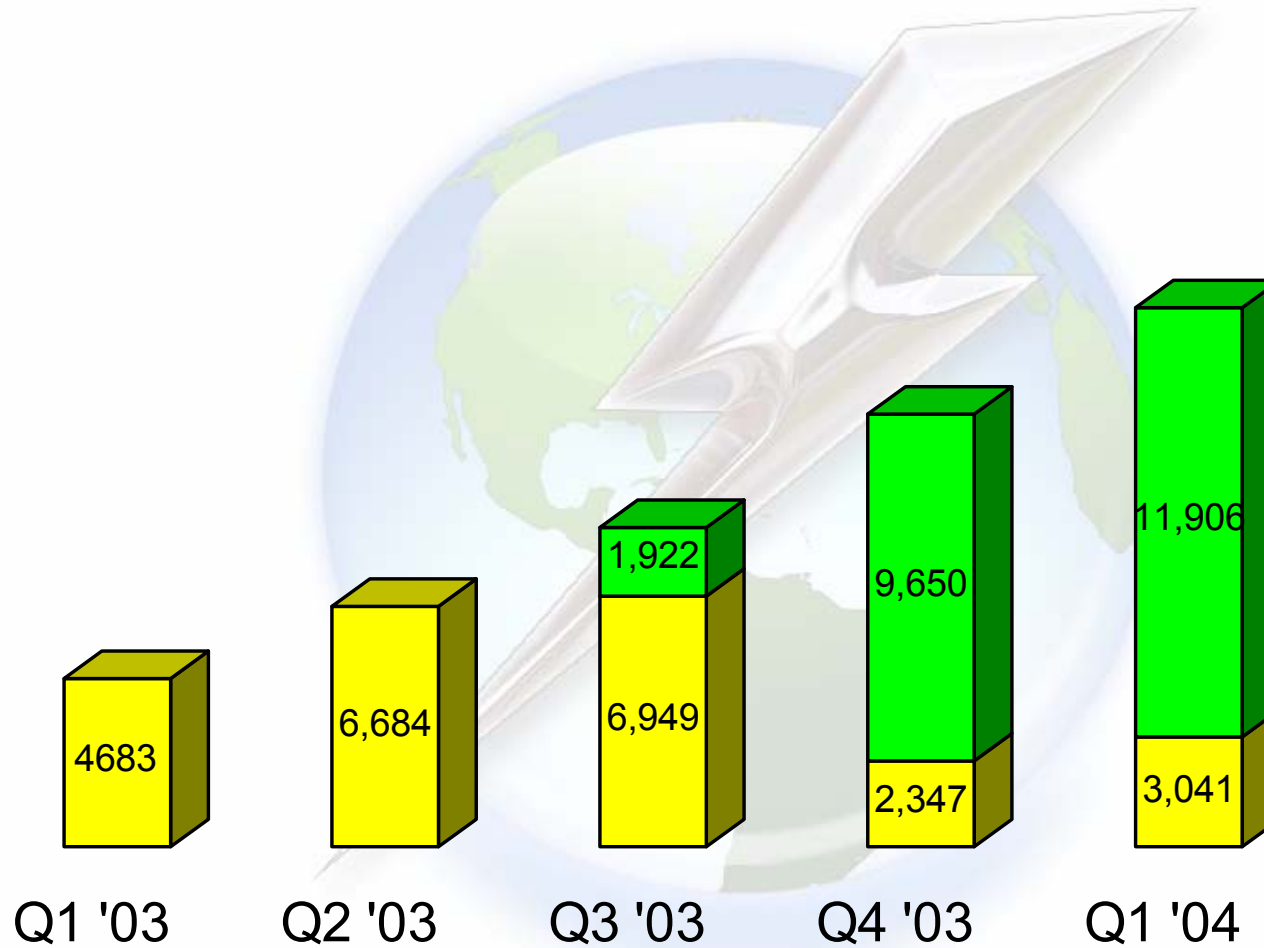
- Record Financial Results
- People
  - New VP Quality
  - New CFO
  - Focus CFO / COO to Operations
- Stock Split
  - 3:1 Feb. 11, 2004
  - 2:1 April 29, 2004
- 1,538 X26 Agencies
- XREP Technology



# TASER Full Deployments

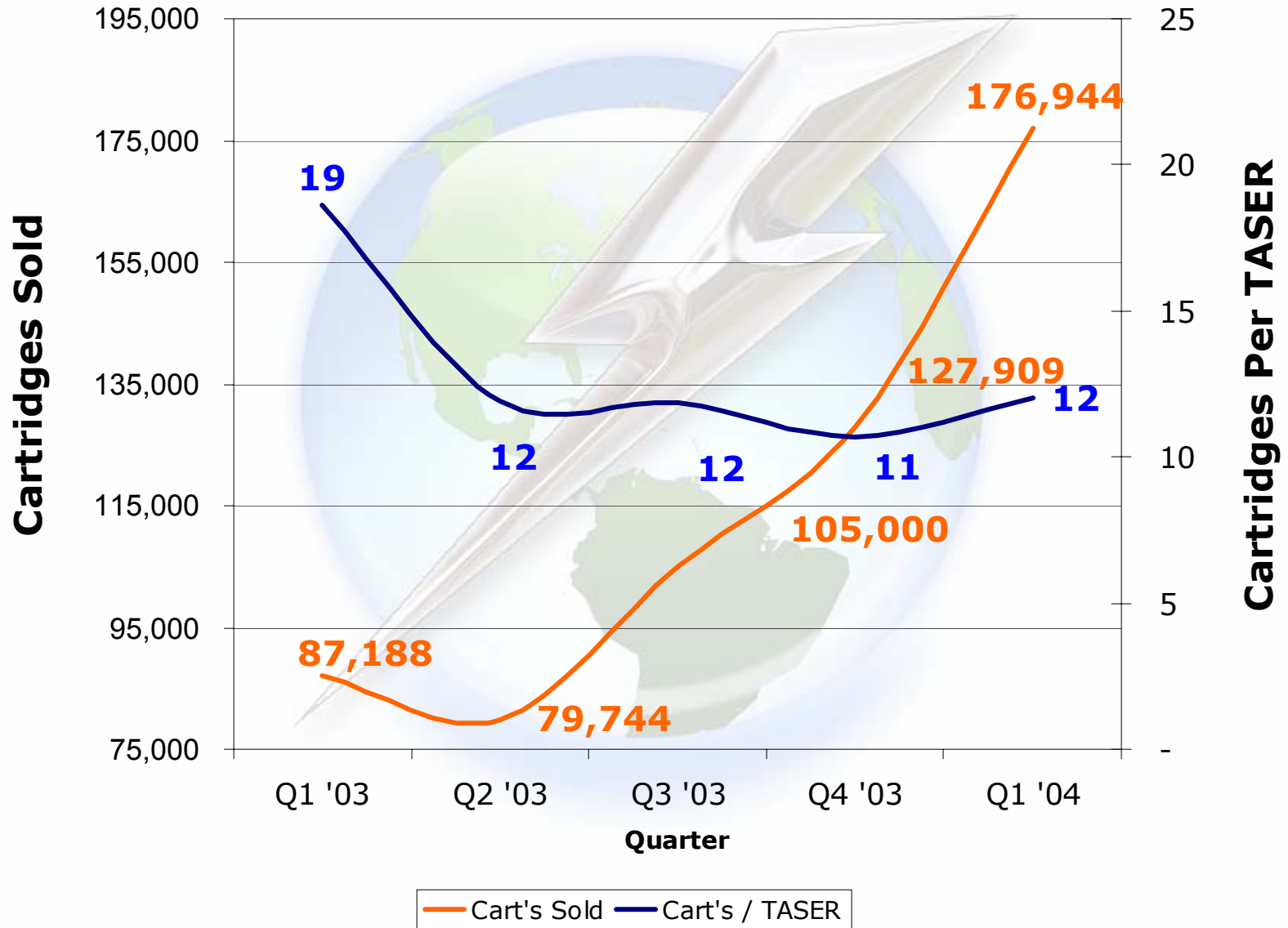


# TASER Weapons Sales



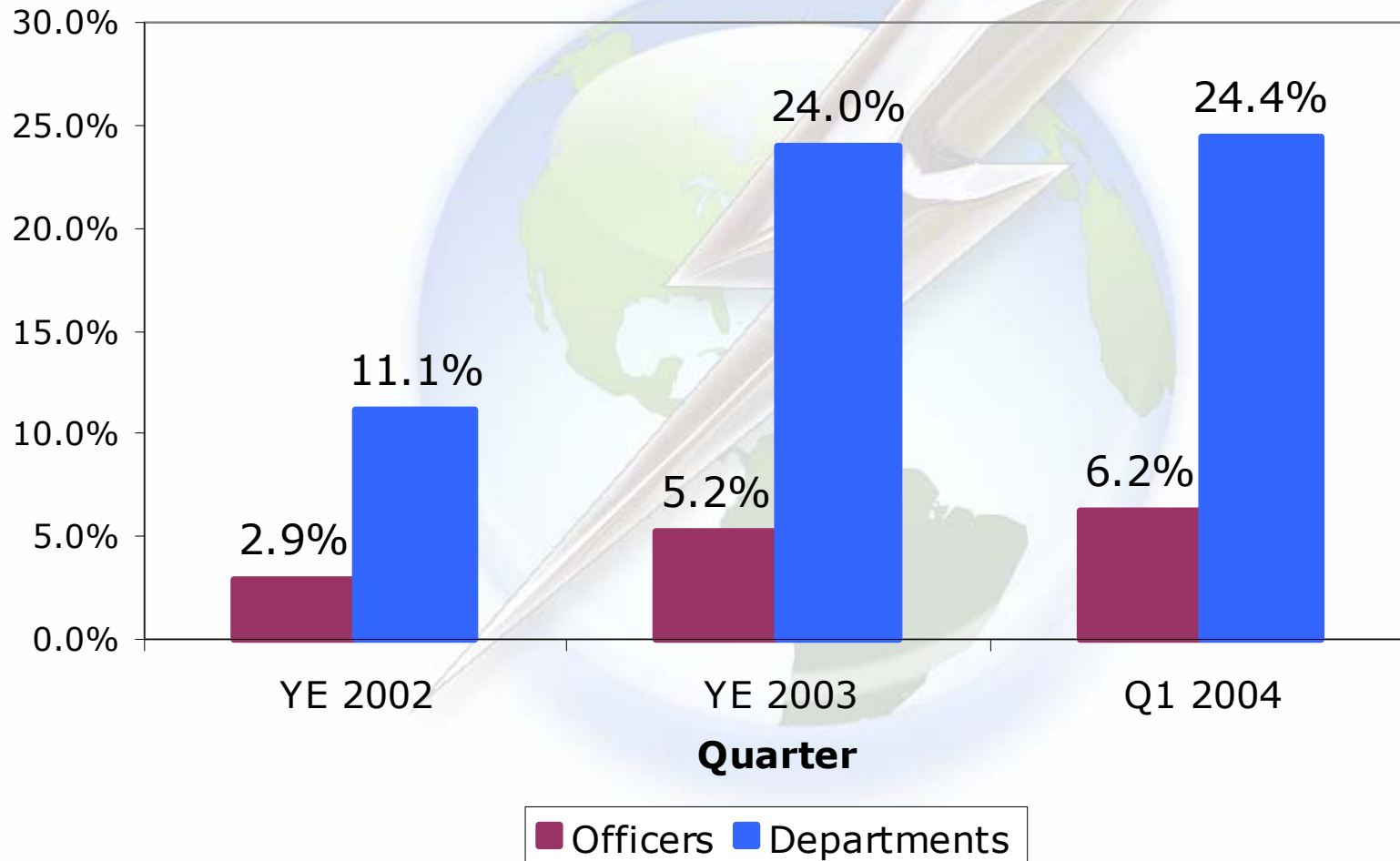
■ M26 ■ X26

# Cartridge Sales



# U.S. Market Penetration\*

(1.1 Million Corrections & Police Officers / 18,000 Departments)



\* Estimate

# Sales Accomplishments

# Agencies	# Officers
6	10K+
4	5-10K
87	1-5K
109	500-1K
1059	100-500
773	60-100
15962	<60

- U.S.
  - 72 new departments deploying in Q1
  - 125 new full deployments in Q1
  - 1538 departments testing or deploying X26
  - Officers now carrying TASER on belt

# Sales Accomplishments



- International
  - Field tests ongoing in several countries
  - Major quotes issued during 2003 that **may** provide upside to 2004 guidance
  - UK Update



# TASER

FRANCE

•As of April 15th  
Shootings: 16



# Manufacturing Highlights



- Q1 Goals Achieved:
  - 300 X26 / day by 3/31
  - 3,900 Cartridges / day
- Q2-3 Objectives:
  - Increase X26 Production Yields to 90%
  - Increase X26 Production to 500 / day
  - Implement Cartridge Design Enhancement



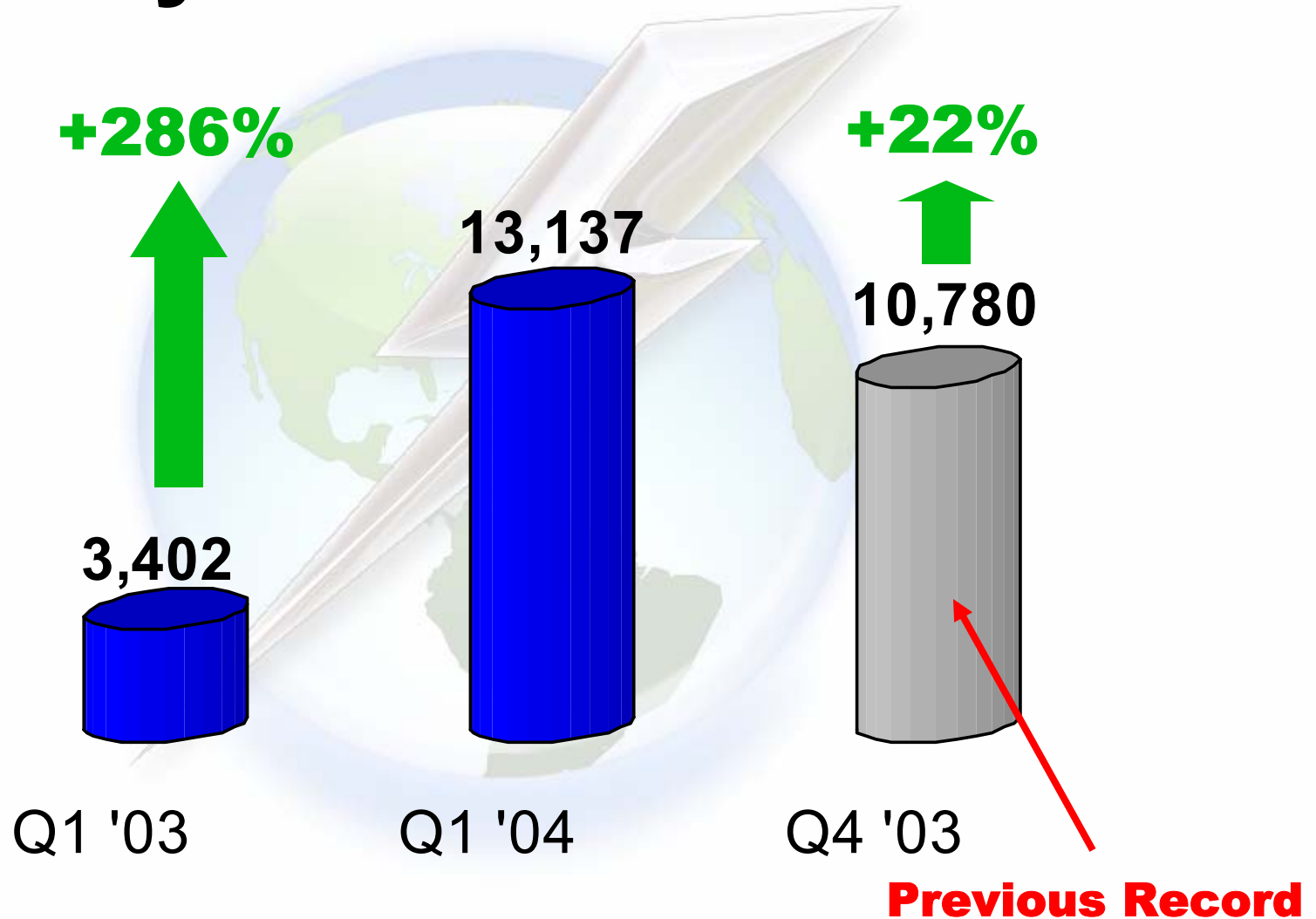
# Challenges



- Process / Quality Issues
  - X26 Software Upgrade / Fix
  - Holster Breakage Issue / Fix
  - Cartridge Tab Breakage / Fix
- Quality Assurance
  - New VP Level Position / Exec Team
  - Ongoing Design Enhancements
  - Process Improvements

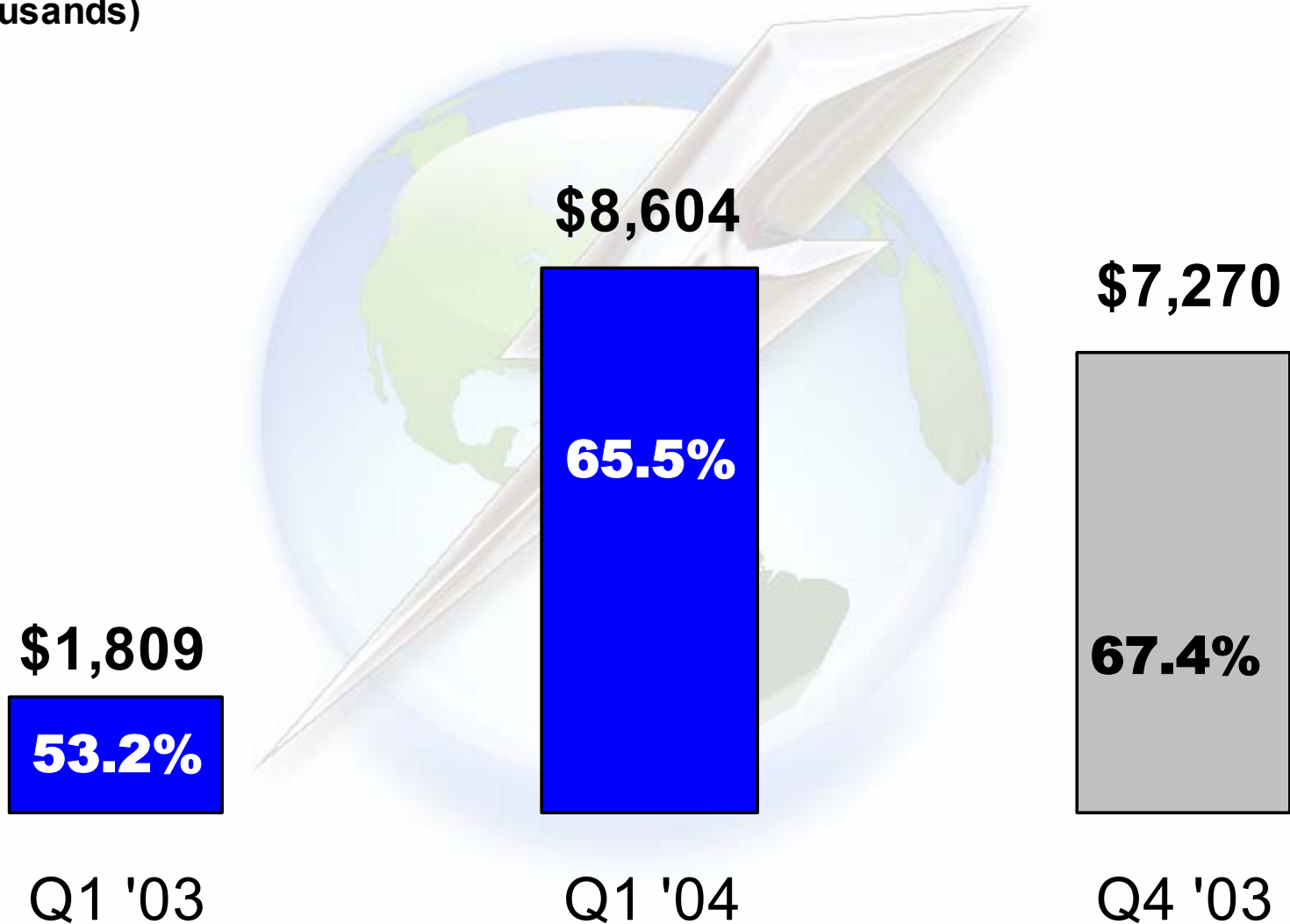
# Quarterly Net Sales

(\$ Thousands)

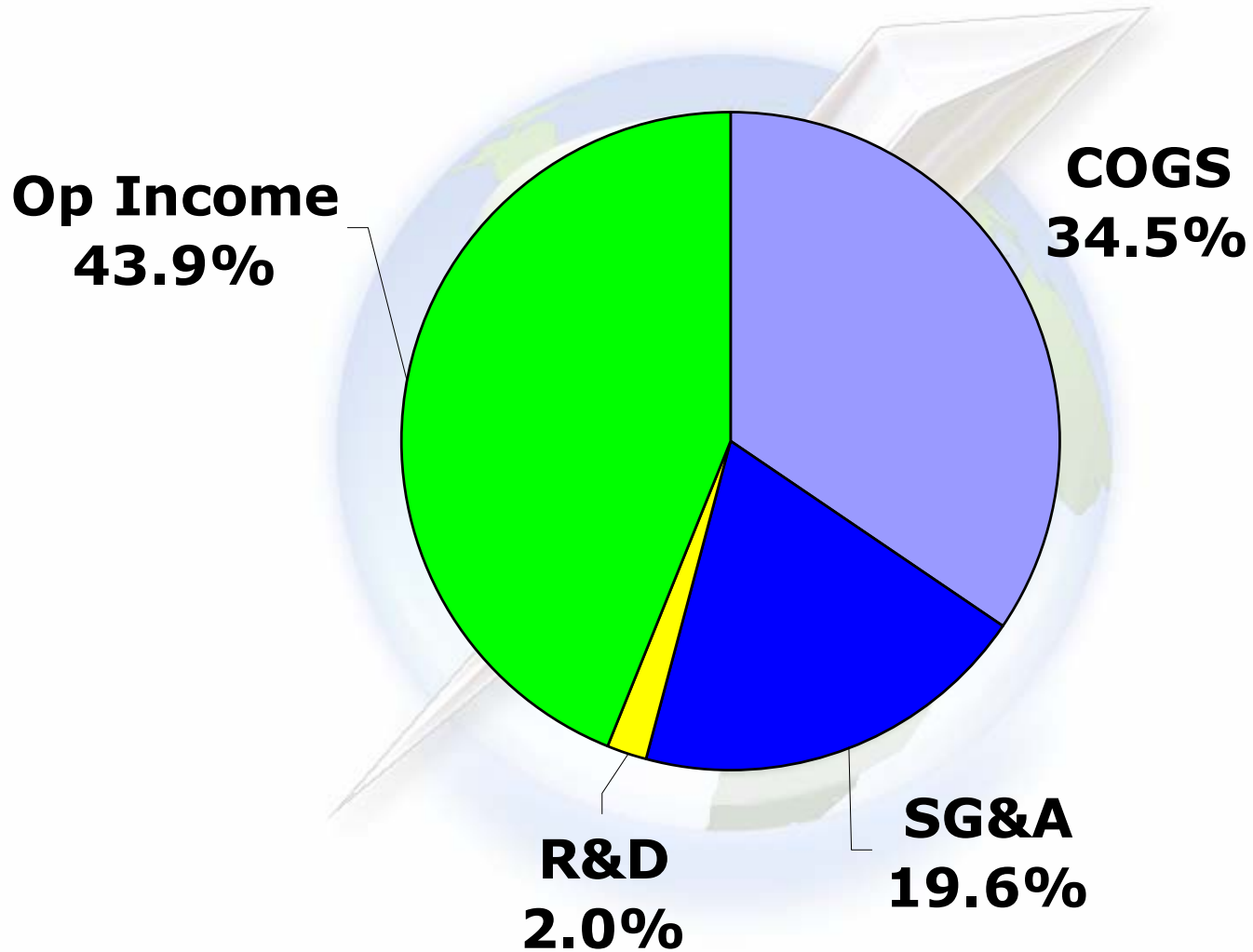


# Qtr Gross Margin

(\$ Thousands)



# Revenue Breakdown



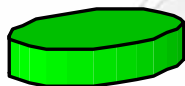
# Quarterly Net Income

(\$ Thousands)

**+1,451%**

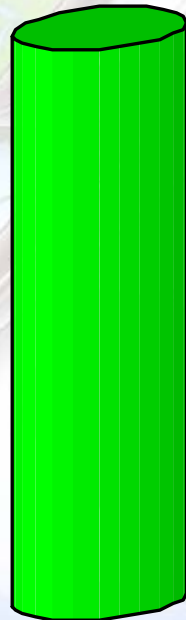


**\$229**



Q1 '03

**\$3,551**

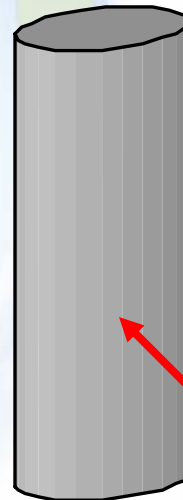


Q1 '04

**+27%**

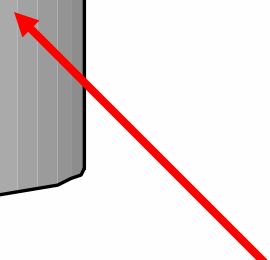


**\$2,802**



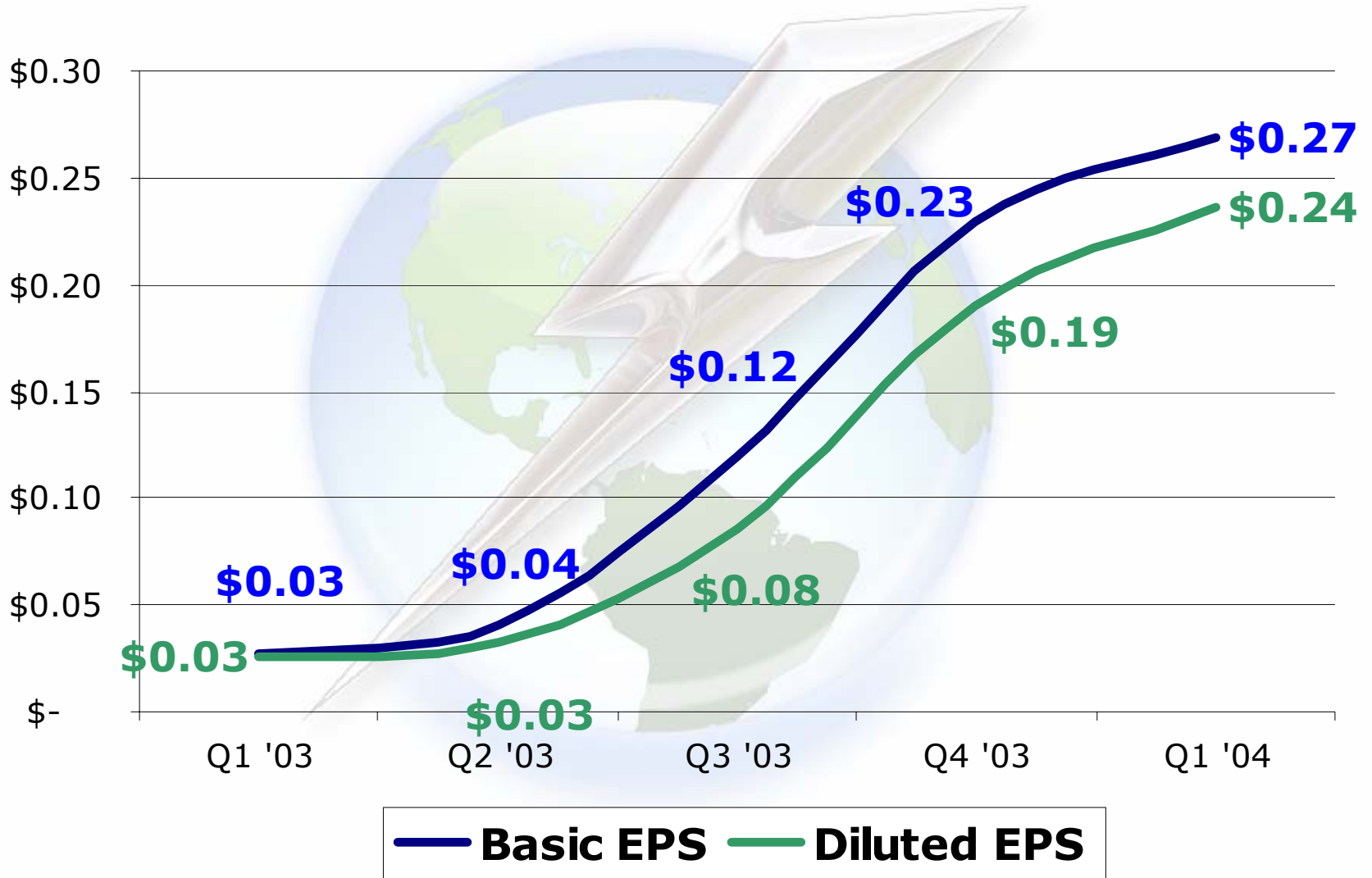
Q4 '03

**Previous Record**



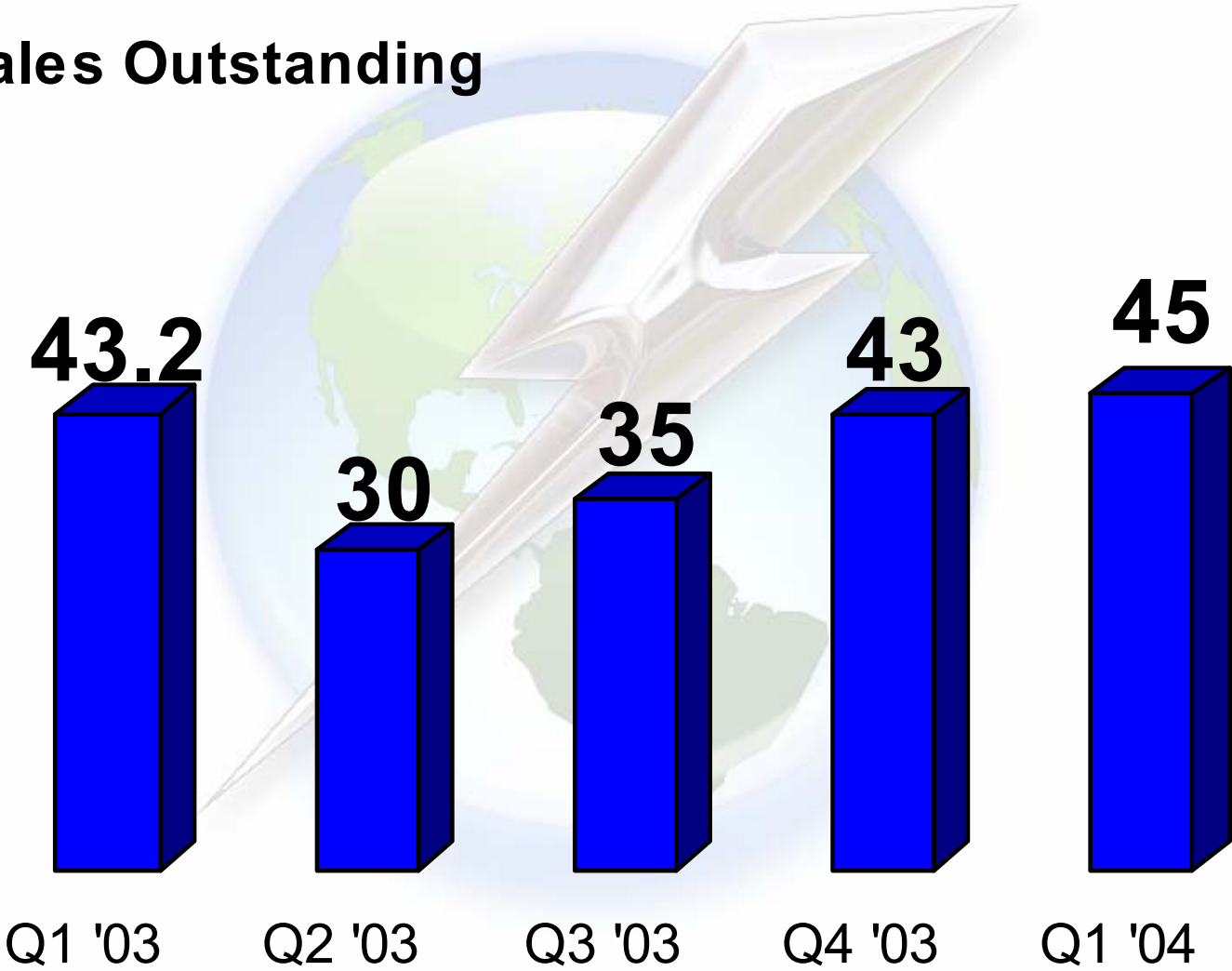
# Earnings Per Share

(Post 3:1 split as of 3/31/04)

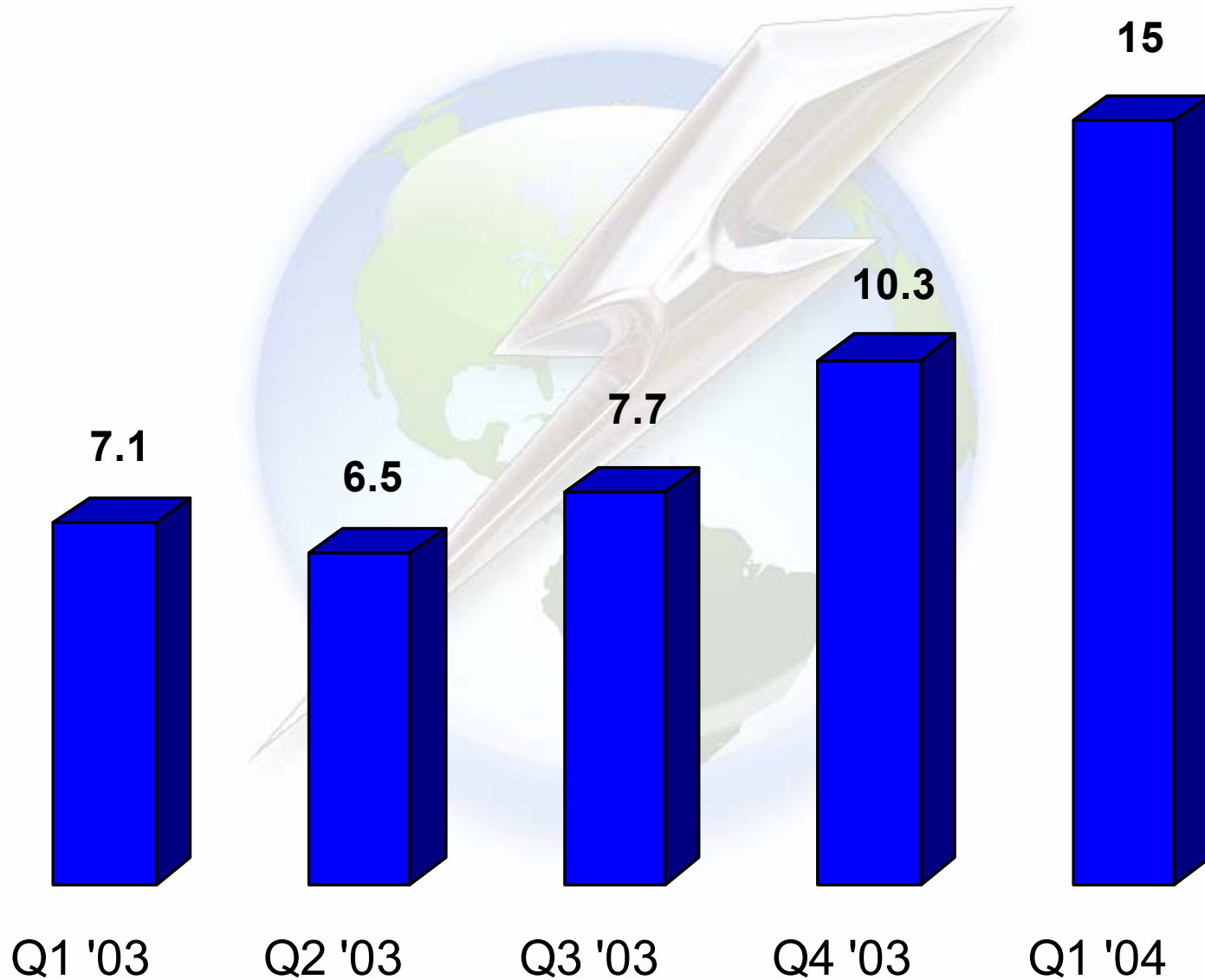


# Accounts Receivable

Days Sales Outstanding



# Inventory Turns





# Balance Sheet Statistics

(\$ Millions)



	3/31/04	12/31/03
Working Capital	\$33.9	\$22.4
Cash	\$24.7	\$15.9
Total Assets	\$43.4	\$31.1
Total Liabilities	\$4.1	\$4.0
Total Equity	\$39.3	\$27.1

# Legal



- Litigation Update
  - Received Court Opinion for partial summary judgement in Hennigan litigation
  - One new nuisance law suit filed
    - Medical examiner found illegal drugs and determined death unrelated to TASER device
  - Filed 3 Patent Infringement lawsuits against competitors
    - We will aggressively defend our intellectual property

# Warrant Redemption

- Redemption period for TASRW Warrants was extended from March 30 to April 29, 2004
- If not exercised by April 29, the warrants will be redeemed for \$0.25 per warrant
- **MAKE SURE TO EXERCISE ALL WARRANTS BY 4/29/04**
- Contact [doug@taser.com](mailto:doug@taser.com) with any questions

# **2004 Guidance**



**100% Revenue Growth  
Over FY 2003**

# X26 X-Rail in Iraq Lethal / Non-Lethal Platform (Development Effort)



# TASER Anti-Personnel Munition (TAPM)



- Partnership with General Dynamics
- Leverages X26 & Cartridges
- Stand Alone, Non-Lethal Area Denial
- Status: Integration of TASER with Existing Sensor Technology

# Extended Range Electronic Projectile (XREP)



**XREP**  
**TASER®**

- Wireless, Long Range Projectile
- New Market for 30+ ft
- Status:
  - **EMD Payload Defined**
    - < 2 ounces
  - Cardiac Safety Verified in Animal Studies
  - Human Testing Verified EMD Effect Equivalent to TASER X26
  - Aeroballistic Integration Underway
- Est. Completion: 18-24 months
- **4 Patents Applications in Various Stages**



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