
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

February 29, 2016
Date of Report (Date of earliest event reported)

TASER International, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-16391
(Commission File Number)

86-0741227
(IRS Employer
Identification No.)

17800 N. 85th St.
Scottsdale, Arizona 85255
(Address of principal executive offices, including zip code)

(480) 991-0797
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 Results of Operations and Financial Condition

On February 29, 2016, TASER International, Inc. (the “Company”) issued a press release regarding the Company’s financial results for its fourth quarter of 2015. The full text of the press release, together with the unaudited condensed consolidated statements of operations, segment reporting, balance sheets, selected cash flow information, statistical measures and reconciliations of GAAP to non-GAAP financial measures are attached hereto as Exhibit 99.1. The Company has also provided additional unaudited summary data for its fourth quarter of 2015 as attached hereto as Exhibits 99.2 and 99.3.

The information pursuant to Item 2.02 in this report on Form 8-K is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the “1934 Act”), as amended, or otherwise subject to the liabilities of that Section.

Item 8.01 Other Events

On February 29, 2016, the Company announced that its board of directors has authorized a stock repurchase program pursuant to which the Company may repurchase up to \$50 million of the Company’s common stock. The repurchases will be funded by available cash and may be effected from time to time through open market purchases, trading plans established in accordance with U.S. Securities and Exchange Commission rules, or other means, depending on satisfactory market conditions, applicable legal requirements and other factors. The stock repurchase program does not obligate the Company to repurchase any particular amount of common stock and it may be suspended at any time at the Company’s discretion.

In connection with the stock repurchase program, the Company anticipates adopting a stock trading plan (the “Plan”) established in accordance with Rule 10b5-1 of the 1934 Act. Rule 10b5-1 allows companies to adopt written, pre-arranged stock trading plans when they do not have material, non-public information. The Company also anticipates that purchases under the Plan will be made in the open market, through block trades, or otherwise, and are anticipated to be made in compliance with Rule 10b-18 under the 1934 Act. The actual amount of shares purchased, if any, will be based on working capital requirements.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| Exhibit Number | Exhibit Description |
|---------------------------|--|
| 99.1 | Press release dated February 29, 2016 |
| 99.2 | Unaudited supplemental results dated February 29, 2016 |
| 99.3 | Unaudited operating metrics dated February 29, 2016 |

SIGNATURE

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.

Dated: February 29, 2016

TASER International, Inc.

By: /s/ DANIEL M. BEHRENDT

Daniel M. Behrendt

Chief Financial Officer

Exhibit 99.1

CONTACT: Erin Curtis
Investor Relations
TASER International, Inc.
(480) 515-6330

TASER Reports Record Quarterly Revenue of \$56.0 million

Board of Directors approves \$50.0 million stock buy-back

SCOTTSDALE, Ariz., February 29, 2016 – TASER International, Inc. (NASDAQ: TASR), today announced financial results for the fourth quarter ended December 31, 2015.

“We concluded a very strong year for TASER International with record fourth quarter Weapons segment revenues and record quarterly bookings in our Axon segment,” said Rick Smith, TASER chief executive officer. “Throughout the year, we made significant progress in extending our leadership position as the go-to provider of innovative technology solutions to law enforcement. We also demonstrated returns on the ongoing build-out of our international operations, which remains an important area of focus for us as we expand our addressable market.”

“In 2016, we see tremendous opportunity to further enhance our integrated hardware-software platform and pursue our strategic initiatives with a focus on long-term profitable growth,” concluded Smith.

Fourth Quarter 2015 Financial Highlights:

- Net sales were \$56.0 million in the quarter, an increase of \$9.2 million , or 19.7% over the prior year fourth quarter. International net sales were \$12.1 million in the quarter.
 - TASER Weapons segment revenues increased \$6.2 million year-over-year, or 15.4% , to \$46.7 million in the fourth quarter of 2015 setting a new quarterly record.
 - Axon segment revenues increased \$3.0 million year-over-year, or 47.0% , to \$9.4 million in the fourth quarter of 2015 . The increase was driven by a \$3.2 million increase, or 216.9% , in service revenue which also included an approximately \$0.9 million catch-up revenue related to completed professional service implementations that occurred during the fourth quarter. This increase was partially offset by a decrease in Axon body-worn camera hardware sales of \$1.1 million as we delayed shipments of the new Axon Body 2 camera until the first quarter of 2016.
 - Consolidated gross margin percentage in the fourth quarter of 2015 was 66.0% , compared to 58.6% in the same period last year. The increase was mostly due to the mix of higher margin TASER Weapon product sales within the quarter compared to the prior year. The prior year also was lower due to reserves taken for obsolete inventory related to the end of production of the legacy TASER X26 conducted electrical weapon and excess inventory for components of the Axon camera line.
 - TASER Weapons segment gross margin percentage improved to 70.0% in fourth quarter 2015 compared to 66.2% in fourth quarter 2014 .
-

- Axon segment gross margin percentage improved to 46.1% in the fourth quarter 2015 compared to 9.7% in the fourth quarter of 2014 . The prior year gross margin was impacted by reserves taken of \$1.2 million for excess inventory related to Axon camera components. Axon gross margin was also favorably impacted by the growth of our user count which allowed us to leverage the fixed costs to operate and host the Evidence.com service.
- Sales, general and administrative (SG&A) expenses of \$21.9 million in the fourth quarter of 2015 increased \$7.4 million , from \$14.4 million in the fourth quarter of 2014 . Compared to the prior year, personnel expenses increased \$2.6 million as the Company is investing in customer-facing positions as well as administrative functions. Marketing expenses increased approximately \$1.5 million, due to the additional investment in the IACP and Millipol tradeshow compared to the prior year. Consulting, lobbying and accounting fees increased \$1.7 million compared to the prior year as well.
- Research and development (R&D) expenses of \$6.6 million for the fourth quarter of 2015 increased \$2.6 million when compared to the fourth quarter of 2014 which was driven by additional personnel and consulting expenses related to Axon segment product development initiatives.
- Income from operations decreased \$0.4 million to \$8.5 million in the fourth quarter of 2015 compared to \$8.9 million in the fourth quarter of 2014 due to the above mentioned increases in SG&A and R&D. The operating expense increase of \$10.0 million was almost entirely offset by the \$9.6 million increase in gross margin.
- Provision for income taxes in the fourth quarter of 2015 was \$3.4 million . The Company's annual effective tax rate for 2015 was 43.6% due to startup losses generated by the Company's Netherlands subsidiary, which are not deductible for U.S. tax purposes.
- Net income for the fourth quarter of 2015 was \$5.1 million , or \$0.09 per diluted share, which is equivalent to the prior year net income and diluted earnings per share.
- In the fourth quarter of 2015 , the Company generated \$16.1 million in cash from operating activities. Cash, cash equivalents and investments were \$118.3 million at December 31, 2015 , up from \$90.4 million at December 31, 2014 .

Key Operating Metrics:

| Metric* | Q4 2015 |
|--|----------|
| Axon and Evidence.com Bookings (in millions) | \$ 44.7 |
| LTV / CAC ratio | 4.3 |
| Average Revenue per User (ARPU)** | 44.71 |
| TASER Weapons operating income % | 37.4% |
| Future Contracted Revenue (in millions) | \$ 159.0 |

*For definitions of our Key Operating Metrics please see "Statistical Definitions"

**ARPU calculation does not accurately reflect the recurring nature of service revenue due to the variability of catch-up revenue we have most quarters. The Q4 ARPU of \$44.71 includes \$0.9 million of catch-up

revenue. Please listen to our Q4 earnings conference call for further ARPU discussion and alternative metrics that more accurately capture our recurring user revenue.

Business Highlights:

- As of the end of the fourth quarter, 30 major city law enforcement agencies have purchased TASER's Axon body-worn cameras and/or its digital evidence management solution: Albuquerque, Baltimore County, Charlotte-Mecklenburg, Chicago*, Cleveland, Dallas, Denver, Fort Worth, Fresno, Kansas City*, Los Angeles, Las Vegas, Louisville, Memphis, Mesa, Miami, Milwaukee, Montgomery County, New Orleans, Omaha, Philadelphia*, Pittsburgh, Salt Lake City, San Antonio, San Diego, San Francisco, Tampa, Toronto*, Tucson, and Washington, D.C.
 - *Please note that some of these customers have purchased only the MediaSolv solution at this point in time as noted by an *.*
- Evidence.com's user count continued to grow, extending the Company's market leadership. Total active, paid users at December 31, 2015 were approximately 45,900. Since inception, the Company has booked cumulative Evidence.com licenses of approximately 59,000. The 13,100 seats booked but not yet recognized in monthly service revenue will come online as the Company completes customer implementations and integrations.
- In February 2016, the Company announced an exclusive partnership agreement with Amped Software, one of the premier providers of forensic video enhancement tools. This new partnership will further enable law enforcement to use a variety of tools to analyze evidence through the Axon Forensic Suite.
- On February 26, 2016, TASER's Board of Directors authorized a stock repurchase program to acquire up to \$50.0 million of the Company's outstanding stock subject to market conditions and corporate considerations.

Quarterly Conference Call:

The Company will host its fourth quarter 2015 earnings conference call on Monday, February 29, 2016 at 08:30 a.m. ET. To join the live audio presentation, please dial toll free 877-303-9126, or for international callers, please dial +1-253-237-1156. The passcode is 44084653.

The Company has posted supplemental materials on its website to provide additional information about our fourth quarter financial results. This supplemental information will no longer be part of the discussion on the earnings call to leave more time for questions from investors.

The Company plans to update and post its investor relations presentation to <http://investor.taser.com> within the next two weeks with the fourth quarter results. Archived presentations from previous quarters may also be found on the website.

Statistical Definitions:

- Future billings are defined as cumulative bookings to date net of cumulative recognized Axon camera and Evidence.com revenue and Axon camera and Evidence.com deferred revenue balances.
 - Future contracted revenue is defined as cumulative Axon and Evidence.com bookings, net of cancellations, minus cumulative recognized revenue related solely to Axon and Evidence.com.
 - LTV/CAC is defined as the lifetime value of a customer as a ratio of the costs to acquire that customer.
-

- TASER Weapons Operating Income % is considered a key metric to show continued diligence in running our legacy business profitably while investing in new markets internationally.

Non-GAAP Measures:

To supplement the Company's financial results presented in accordance with GAAP, we are presenting the non-GAAP financial measures of EBITDA, Adjusted EBITDA and Free Cash Flow. Our management uses these non-GAAP financial measures in evaluating the Company's performance in comparison to prior periods. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance, and when planning and forecasting our future periods. A reconciliation of GAAP to the non-GAAP financial measures is presented at the end of the release.

EBITDA is defined as consolidated net income before interest expense, income taxes and depreciation and amortization. Adjusted EBITDA, as presented herein, is defined as EBITDA before certain other items, including: stock-based compensation; net gain/loss on write-down/disposal of property, equipment and intangibles; and loss on impairment.

Free Cash Flow is defined as operating cash flow minus purchases of property, plant & equipment and intangible assets.

Caution on Use of Non-GAAP Measures

Although these non-GAAP financial measures are not consistent with GAAP, management believes investors will benefit by referring to these non-GAAP financial measures when assessing the Company's operating results, as well as when forecasting and analyzing future periods. However, management recognizes that:

- these non-GAAP financial measures are limited in their usefulness and should be considered only as a supplement to the Company's GAAP financial measures;
- these non-GAAP financial measures should not be considered in isolation from, or as a substitute for, the Company's GAAP financial measures;
- these non-GAAP financial measures should not be considered to be superior to the Company's GAAP financial measures; and
- these non-GAAP financial measures were not prepared in accordance with GAAP and investors should not assume that the non-GAAP financial measures presented in this earnings release were prepared under a comprehensive set of rules or principles.

Further, these non-GAAP financial measures may be unique to the Company, as they may be different from similarly titled non-GAAP financial measures used by other companies. As such, this presentation of non-GAAP financial measures may not enhance the comparability of the Company's results to the results of other companies.

A reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure or measures appears within this press release.

About TASER International, Inc.

TASER International makes communities safer with innovative public safety technologies. Founded in 1993, TASER first transformed law enforcement with its electrical weapons. TASER continues to define smarter policing with its growing suite of technology solutions, including Axon body-worn video cameras and Evidence.com, a secure digital evidence management platform. More than 162,000 lives and countless dollars have been saved with TASER's products and services.

Learn more at www.taser.com and www.axon.io or by calling (800) 978-2737.

TASER® and Axon® are registered trademark of TASER International, Inc., registered in the U.S. All rights reserved. TASER logo, Axon, Axon Body, Axon Body 2, Axon Flex, Axon Interview, Axon Signal, TASER X26, TASER X26P, and TASER X2 are trademarks of TASER International, Inc. All rights are reserved for trademarks of TASER International, Inc.

Note to Investors

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including statements regarding our expectations, beliefs, intentions or strategies regarding the future. We intend that such forward-looking statements be subject to the safe-harbor provided by the Private Securities Litigation Reform Act of 1995. The forward-looking information is based upon current information and expectations regarding TASER International, Inc. These estimates and statements speak only as of the date on which they are made, are not guarantees of future performance, and involve certain risks, uncertainties and assumptions that are difficult to predict. TASER International assumes no obligation to update the information contained in this press release.

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; our ability to design, introduce and sell new products; delays in development schedules; rapid technological change and competition; our ability to manage our growth and increase manufacturing production to meet demand; establishment and expansion of our direct and indirect distribution channels; our ability to pursue sales directly with customers; our dependence on sales of our TASER X26P and X2 CEWs; the acceptance of our Evidence.com software model; the long-term revenue recognition cycle for our SaaS Evidence.com product; the length of our sales cycle and our ability to realize benefits from our marketing and selling efforts; breach of our security measures resulting in unauthorized access to customer data; outages and disruptions relating to our Evidence.com service; our dependence on third party suppliers for key components of our products; component shortages; rising costs of raw materials and transportation relating to petroleum prices; that we may experience declines in gross margins due to a shift in product sales from CEW to Axon devices; product defects; our anticipation that certain orders will be completed; risks relating to acquisitions and joint ventures; catastrophic events; fluctuations in quarterly operating results; increases in non-U.S. denominated expenses; employee retention risks; budgetary and political constraints of prospects and customers; our exposure to cancellations of government contracts due to appropriation clauses; our compliance with regulations governing the environment, including but not limited to, regulations within the European Union; new regulations relating to conflict minerals; risks of governmental regulations, including regulations of our products by the United States Consumer Product Safety Commission, regulation of our products as a "crime control" product by the Federal government, state and local government regulation and foreign regulation and the adverse effects that could result from our products being classified as firearms by the United States Bureau of Alcohol and

Firearms; regulatory and political challenges presented by international markets; fluctuations in our effective tax rate; foreign currency fluctuations; counter-party risks relating to cash balances held in excess of FDIC insurance limits; litigation risks resulting from alleged product-related injuries and media publicity concerning allegations of deaths occurring after use of the TASER device and the negative impact this publicity could have on sales; the outcome of pending or future litigation; our ability to protect our intellectual property; intellectual property infringement claims and relating litigation costs; competition in foreign countries relating to foreign patents; our successful identification of existing intellectual property rights that might infringe on our developments and other factors identified in documents filed by us with the Securities and Exchange Commission, including those set forth in our Form 10-K for the year ended December 31, 2015.

The Company only announces a subset of its received orders during the quarter to show momentum to customers and these announcements should not be used to approximate revenue. Orders announced in the quarters are sometimes shipped in subsequent periods at the customer's request thereby delaying the recognition of revenue.

Please visit <http://investor.taser.com>, www.twitter.com/taser_ir, www.twitter.com/officialtaser, www.twitter.com/axontechnology and www.facebook.com/TASER.International where TASER discloses information from time to time about the company, its financial information, and its business.

For investor relations information please contact Erin Curtis by phone at (480) 515-6330 or via email at IR@TASER.com.

- More -

TASER INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share data)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---------------------------------|-----------|----------------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net sales | \$ 56,041 | \$ 46,816 | \$ 197,892 | \$ 164,525 |
| Cost of products sold and services delivered | 19,053 | 19,403 | 69,245 | 62,977 |
| Gross margin | 36,988 | 27,413 | 128,647 | 101,548 |
| Operating expenses: | | | | |
| Sales, general and administrative | 21,856 | 14,424 | 69,698 | 54,158 |
| Research and development | 6,622 | 4,065 | 23,614 | 14,885 |
| Total operating expenses | 28,478 | 18,489 | 93,312 | 69,043 |
| Income from operations | 8,510 | 8,924 | 35,335 | 32,505 |
| Interest income and other (expense), net | 14 | (106) | 26 | (194) |
| Income before provision for income taxes | 8,524 | 8,818 | 35,361 | 32,311 |
| Provision for income taxes | 3,420 | 3,732 | 15,428 | 12,393 |
| Net income | \$ 5,104 | \$ 5,086 | \$ 19,933 | \$ 19,918 |
| Net income per common and common equivalent shares: | | | | |
| Basic | \$ 0.10 | \$ 0.10 | \$ 0.37 | \$ 0.38 |
| Diluted | \$ 0.09 | \$ 0.09 | \$ 0.36 | \$ 0.37 |
| Weighted average number of common and common equivalent shares outstanding: | | | | |
| Basic | 53,665 | 52,754 | 53,548 | 52,948 |
| Diluted | 54,523 | 54,213 | 54,638 | 54,500 |

TASER INTERNATIONAL, INC.
SEGMENT REPORTING
(Unaudited)
(dollars in thousands)

| | Three Months Ended December 31, 2015 | | | Three months ended December 31, 2014 | | |
|-----------------------------------|---|-------------|--------------|---|-------------|--------------|
| | TASER Weapons | Axon | Total | TASER Weapons | Axon | Total |
| Product sales | \$ 46,689 | \$ 4,678 | \$ 51,367 | \$ 40,453 | \$ 4,888 | \$ 45,341 |
| Service revenue | — | 4,674 | 4,674 | — | 1,475 | 1,475 |
| Net sales | 46,689 | 9,352 | 56,041 | 40,453 | 6,363 | 46,816 |
| Cost of products sold | 14,016 | 3,509 | 17,525 | 13,656 | 5,122 | 18,778 |
| Cost of services delivered | — | 1,528 | 1,528 | — | 625 | 625 |
| Gross margin | 32,673 | 4,315 | 36,988 | 26,797 | 616 | 27,413 |
| Sales, general and administrative | 14,171 | 7,685 | 21,856 | 10,771 | 3,653 | 14,424 |
| Research and development | 1,052 | 5,570 | 6,622 | 1,212 | 2,853 | 4,065 |
| Income (loss) from operations | \$ 17,450 | \$ (8,940) | \$ 8,510 | \$ 14,814 | \$ (5,890) | \$ 8,924 |

| | | | | | | |
|--------------------|-------|---------|-------|-------|---------|-------|
| Gross margin % | 70.0% | 46.1 % | 66.0% | 66.2% | 9.7 % | 58.6% |
| Operating margin % | 37.4% | (95.6)% | 15.2% | 36.6% | (92.6)% | 19.1% |

| | Twelve Months Ended December 31, 2015 | | | Twelve Months Ended December 31, 2014 | | |
|-----------------------------------|--|-------------|--------------|--|-------------|--------------|
| | TASER Weapons | Axon | Total | TASER Weapons | Axon | Total |
| Product sales | \$ 162,375 | \$ 22,855 | \$ 185,230 | \$ 145,613 | \$ 14,700 | \$ 160,313 |
| Service revenue | — | 12,662 | 12,662 | — | 4,212 | 4,212 |
| Net sales | 162,375 | 35,517 | 197,892 | 145,613 | 18,912 | 164,525 |
| Cost of products sold | 48,821 | 16,201 | 65,022 | 47,680 | 13,233 | 60,913 |
| Cost of services delivered | — | 4,223 | 4,223 | — | 2,064 | 2,064 |
| Gross margin | 113,554 | 15,093 | 128,647 | 97,933 | 3,615 | 101,548 |
| Sales, general and administrative | 47,640 | 22,058 | 69,698 | 42,989 | 11,169 | 54,158 |
| Research and development | 4,470 | 19,144 | 23,614 | 3,872 | 11,013 | 14,885 |
| Income (loss) from operations | \$ 61,444 | \$ (26,109) | \$ 35,335 | \$ 51,072 | \$ (18,567) | \$ 32,505 |

| | | | | | | |
|--------------------|-------|---------|-------|-------|---------|-------|
| Gross margin % | 69.9% | 42.5 % | 65.0% | 67.3% | 19.1 % | 61.7% |
| Operating margin % | 37.8% | (73.5)% | 17.9% | 35.1% | (98.2)% | 19.8% |

TASER INTERNATIONAL, INC.
Axon and Evidence.com Bookings by Quarter
(Unaudited)
(in thousands)

| | <u>December 31, 2015</u> | <u>September 30, 2015</u> | <u>June 30, 2015</u> | <u>March 31, 2015</u> | <u>December 31, 2014</u> |
|----------|--------------------------|---------------------------|----------------------|-----------------------|--------------------------|
| Bookings | \$ 44,668 | \$ 36,877 | \$ 30,629 | \$ 22,948 | \$ 24,554 |

Axon cameras and Evidence.com bookings represent a statistical measure defined as the sales price of orders placed in the relevant time period. Bookings are an indication of the activity the Company is seeing relative to Axon cameras and Evidence.com. We consider bookings to be a statistical measure defined as the sales price of orders (not invoiced sales) placed in the relevant fiscal period, net of cancellations, regardless of when the products or services ultimately will be provided. Some bookings might be invoiced in subsequent years.

Due to municipal government funding rules, certain of the future year amounts included in bookings are subject to budget appropriation or other contract cancellation clauses. Although TASER has entered into contracts for the delivery of products and services in the future and anticipates the contracts will be completed, if agencies do not appropriate money in future year budgets or invoke a cancellation clause, revenue associated with these bookings will not ultimately be recognized, resulting in a future reduction to bookings. In the fourth quarter of 2015, there were no reversals related to prior period bookings due to non-appropriation or other cancellation reasons.

For more information relative to our revenue recognition policies, please reference our SEC filings.

Axon and Evidence.com Future Contracted Revenue
(Unaudited)
(in thousands)

| | <u>December 31, 2015</u> | <u>September 30, 2015</u> |
|---|--------------------------|---------------------------|
| Cumulative Bookings, net of cancellations | \$ 210,486 | \$ 165,818 |
| Cumulative Axon & Evidence.com Recognized Revenue | 51,498 | 43,462 |
| Future Contracted Revenue | <u>\$ 158,988</u> | <u>\$ 122,356</u> |

Axon and Evidence.com future contracted revenue represent a statistical measure defined as cumulative bookings for Axon and Evidence.com minus cumulative recognized revenue related solely to Axon and Evidence.com. Future contracted revenues are an indication of momentum of longer-term contracts being signed and the expectations of future revenues in the Axon segment.

TASER INTERNATIONAL, INC.

UNIT SALES STATISTICS

(Unaudited)

Units in whole numbers

| | Three Months Ended December 31, | | | | Twelve Months Ended December 31, | | | |
|------------|---------------------------------|---------|-------------|----------------|----------------------------------|-----------|-------------|----------------|
| | 2015 | 2014 | Unit Change | Percent Change | 2015 | 2014 | Unit Change | Percent Change |
| TASER X26P | 16,437 | 14,610 | 1,827 | 12.5 % | 62,383 | 51,283 | 11,100 | 21.6 % |
| TASER X2 | 12,540 | 8,228 | 4,312 | 52.4 | 38,050 | 26,901 | 11,149 | 41.4 |
| TASER X26 | 587 | 3,550 | (2,963) | (83.5) | 4,928 | 17,770 | (12,842) | (72.3) |
| TASER M26 | 503 | 617 | (114) | (18.5) | 2,455 | 1,994 | 461 | 23.1 |
| TASER C2 | 2,336 | 2,246 | 90 | 4.0 | 8,121 | 7,249 | 872 | 12.0 |
| Cartridges | 505,332 | 475,454 | 29,878 | 6.3 | 1,694,450 | 1,618,117 | 76,333 | 4.7 |
| Axon Flex | 2,902 | 3,858 | (956) | (24.8) | 18,823 | 10,034 | 8,789 | 87.6 |
| Axon Body | 2,141 | 4,568 | (2,427) | (53.1) | 17,522 | 13,219 | 4,303 | 32.6 |
| E-Dock | 1,425 | 1,439 | (14) | (1.0) | 6,979 | 4,219 | 2,760 | 65.4 |
| TASER Cam | 2,641 | 2,129 | 512 | 24.0 | 11,634 | 9,303 | 2,331 | 25.1 |

TASER INTERNATIONAL, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(Unaudited)
Dollars in thousands

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|------------------|-------------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | \$ 5,104 | \$ 5,086 | \$ 19,933 | \$ 19,918 |
| Depreciation and amortization | 981 | 949 | 3,291 | 4,317 |
| Interest expense | 1 | 9 | 10 | 12 |
| Provision for income taxes | 3,420 | 3,732 | 15,428 | 12,393 |
| EBITDA | <u>\$ 9,506</u> | <u>\$ 9,776</u> | <u>\$ 38,662</u> | <u>\$ 36,640</u> |
| Adjustments: | | | | |
| Stock-based compensation expense | \$ 2,177 | \$ 1,458 | \$ 7,263 | \$ 5,579 |
| Net loss on disposal of property, equipment and intangibles, net | 3 | 4 | 206 | 232 |
| Adjusted EBITDA | <u>\$ 11,686</u> | <u>\$ 11,238</u> | <u>\$ 46,131</u> | <u>\$ 42,451</u> |
| Adjusted EBITDA as a percentage of net sales | 20.9% | 24.0% | 23.3% | 25.8% |

Composition of stock-based compensation:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|-----------------|-------------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cost of products sold and services delivered | \$ 126 | \$ 55 | \$ 402 | \$ 204 |
| Sales, general and administrative | 1,303 | 957 | 4,285 | 3,555 |
| Research and development | 748 | 446 | 2,576 | 1,820 |
| | <u>\$ 2,177</u> | <u>\$ 1,458</u> | <u>\$ 7,263</u> | <u>\$ 5,579</u> |

TASER INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

| | December 31, 2015 | December 31, 2014 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 59,526 | \$ 48,367 |
| Short-term investments | 50,254 | 32,774 |
| Accounts and notes receivable, net | 27,701 | 30,735 |
| Inventory | 15,763 | 18,323 |
| Prepaid expenses and other current assets | 8,165 | 4,443 |
| Total current assets | 161,409 | 134,642 |
| Property and equipment, net | 21,848 | 17,523 |
| Deferred income tax assets, net | 13,719 | 16,063 |
| Intangible assets, net | 7,588 | 3,115 |
| Goodwill | 9,596 | 2,206 |
| Long-term investments | 8,525 | 9,296 |
| Other assets | 7,196 | 2,523 |
| Total assets | \$ 229,881 | \$ 185,368 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 7,333 | \$ 7,682 |
| Accrued liabilities | 8,643 | 9,245 |
| Current portion of deferred revenue | 20,851 | 14,020 |
| Customer deposits | 1,226 | 988 |
| Current portion of notes payable and capital lease payable | 87 | 38 |
| Total current liabilities | 38,140 | 31,973 |
| Deferred revenue, net of current portion | 30,190 | 21,668 |
| Liability for unrecognized tax benefits | 1,315 | 1,471 |
| Long-term deferred compensation | 2,199 | 1,121 |
| Long-term business acquisition contingent consideration | 952 | — |
| Long-term portion of notes payable and capital lease payable | 81 | 29 |
| Total liabilities | 72,877 | 56,262 |
| Stockholders' Equity: | | |
| Preferred stock | — | — |
| Common stock | 1 | 1 |
| Additional paid-in capital | 178,143 | 162,641 |
| Treasury stock | (122,201) | (114,645) |
| Retained earnings | 100,978 | 81,045 |
| Accumulated other comprehensive income | 83 | 64 |
| Total stockholders' equity | 157,004 | 129,106 |
| Total liabilities and stockholders' equity | \$ 229,881 | \$ 185,368 |

TASER INTERNATIONAL, INC.
SELECTED CASH FLOW INFORMATION
(Unaudited)
(in thousands)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|----------|-------------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | \$ 5,104 | \$ 5,086 | \$ 19,933 | \$ 19,918 |
| Depreciation and amortization | 981 | 949 | 3,291 | 4,317 |
| Stock-based compensation | 2,177 | 1,458 | 7,263 | 5,579 |
| Net cash provided by operating activities | 16,131 | 12,794 | 46,445 | 35,432 |
| Net cash used in investing activities | (2,716) | (7,455) | (36,009) | (24,581) |
| Net cash provided by (used in) financing activities | 174 | 4,444 | 603 | (4,840) |
| Cash and cash equivalents, end of period | 59,526 | 48,367 | 59,526 | 48,367 |

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|-----------|-------------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Net cash provided by operating activities | \$ 16,131 | \$ 12,794 | \$ 46,445 | \$ 35,432 |
| Purchases of property and equipment | 2,164 | 439 | 6,003 | 2,505 |
| Purchases of intangible assets | 99 | 58 | 501 | 183 |
| Purchase of property and equipment and intangible assets in connection with business acquisitions | — | — | 11,186 | — |
| Free cash flow | \$ 13,868 | \$ 12,297 | \$ 28,755 | \$ 32,744 |

#



TASER

Q4 2015 Results Supplement

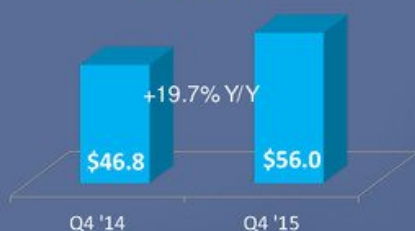
February 29, 2016

Please refer to TASER's 8-K as filed with the Securities and
Exchange Commission for additional information.

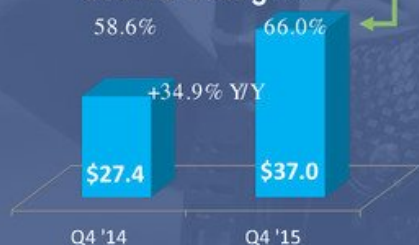
4Q15 Results Dashboard

IN MILLIONS, EXCEPT PER SHARE DATA

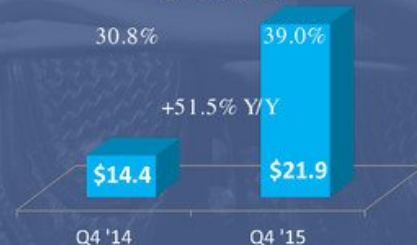
Revenue



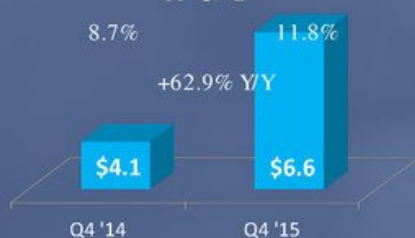
Gross Margin



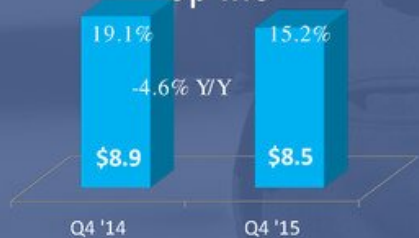
S G & A



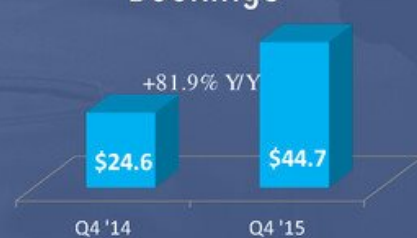
R & D



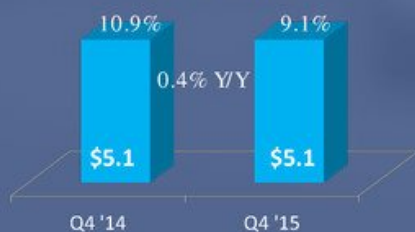
Op Inc



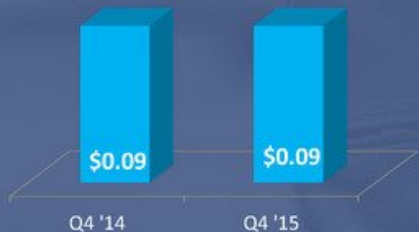
Bookings



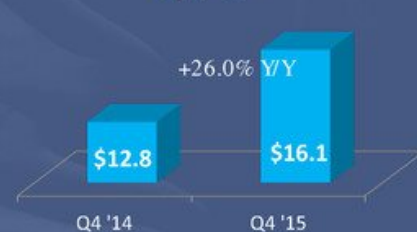
Net Income



Diluted EPS



Op. CF

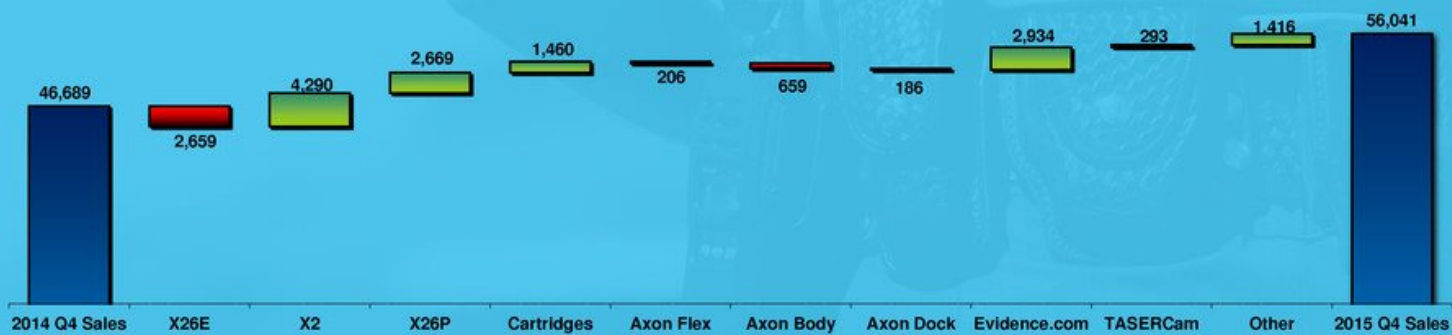


4Q15 Results Drivers

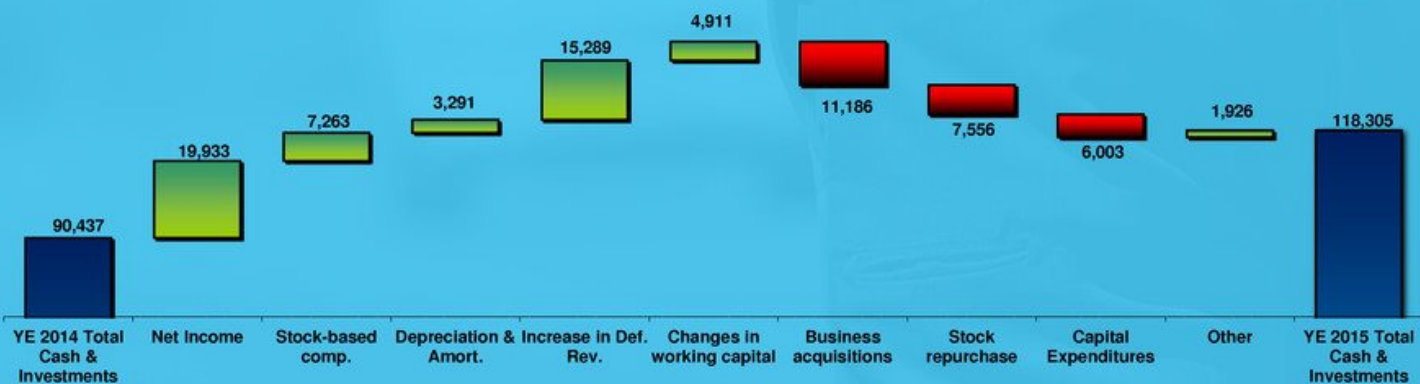
In thousands

Revenue Drivers

4Q14 v. 4Q15



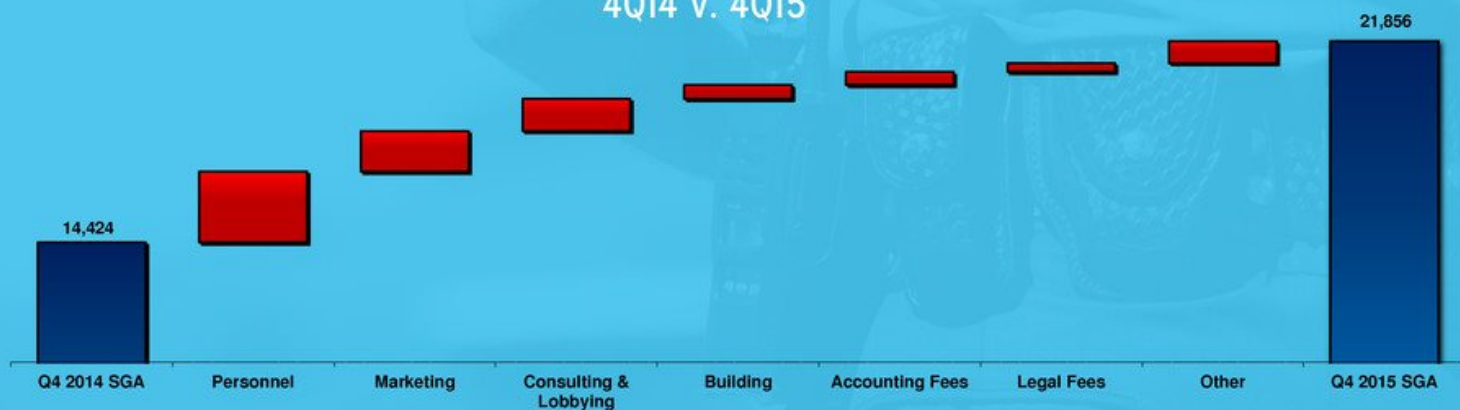
Cash & Investments



4Q15 Results Drivers

In thousands

SG&A Drivers 4Q14 v. 4Q15



SG&A Drivers 3Q15 v. 4Q15



TASER International, Inc.

OPERATING METRICS (UNAUDITED)

| | 2015 | | | | | 2014 |
|--|----------|----------|---------|---------|----|--------|
| | Q4 | Q3 | Q2 | Q1 | | Q4 |
| Axon & Evidence.com Bookings (millions) | \$ 44.7 | \$ 36.9 | \$ 30.6 | \$ 22.9 | \$ | 24.6 |
| Sequential % Change | 21% | 21% | 34% | -7% | | |
| Active Paid Seats (1) | 45,900 | 33,000 | 29,000 | 22,000 | | 18,000 |
| Sequential % Change | 39% | 14% | 32% | 22% | | |
| Annual Recurring Revenue (millions) (2) | \$ 16.7 | \$ 12.0 | \$ 9.8 | \$ 7.8 | | |
| Average Monthly Revenue Per User** | \$ 44.7 | \$ 27.6 | \$ 29.0 | \$ 26.8 | \$ | 26.5 |
| Future Billings (millions) (3)* | \$ 132.8 | \$ 99.2 | \$ 77.7 | \$ 56.3 | \$ | 39.3 |
| Sequential % Change | 34% | 28% | 38% | 43% | | |
| Future Contracted Revenue (millions) (4) | \$ 159.0 | \$ 122.4 | \$ 94.9 | \$ 71.1 | \$ | 53.6 |
| Sequential % Change | 30% | 29% | 33% | 33% | | |
| Attachment Rate (5)* | 84% | 79% | 77% | 80% | | 80% |
| Multiple Year Contract % (6) | 92% | 91% | 88% | 90% | | 90% |
| LTV/CAC | 4.3 | 4.6 | 4.5 | 3.5 | | 3.9 |
| Weapons Op Inc % | 37.4% | 35.4% | 38.6% | 40.6% | | 36.6% |
| Evidence.com new seats booked | 13,200 | 9,300 | | | | |
| Evidence.com cumulative seats booked | 59,000 | 45,800 | | | | |

(1) The seats that are included in the revenue recognition as of the period end

(2) Monthly recurring license, integration, warranty and storage revenue annualized.

(3) Cumulative bookings for Axon and Evidence.com to date net of cumulated Axon camera and Evidence.com recognized revenue and Axon camera and Evidence.com deferred revenue balances

(4) Cumulative bookings for Axon and Evidence.com minus cumulative recognized revenue related solely to Axon and Evidence.com

(5) Out of all the cameras sold in the quarter, the number that also bought Evidence.com

(6) For orders booked with Evidence.com seats, the % that signed multiple year contracts

* Indicates disclosure that will be discontinued in 2016

**ARPU calculation does not accurately reflect the recurring nature of service revenue due to the variability of catch-up revenue quarter to quarter. The Q4 ARPU of \$44.7 includes \$0.9 million of catch-up revenue. Please listen to our Q4 2015 earnings conference call for further ARPU discussion and alternative metrics that more accurately capture our recurring user revenue.

