
**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**

December 19, 2018
Date of Report (Date of earliest event reported)

Axon Enterprise, 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01 Other Events.

Press Release

On December 19, 2018, Axon Enterprise, Inc. (“**Axon**”) issued a press release announcing the Axon Enterprise, Inc. 2019 Stock Incentive Plan (the “**Plan**”) that will be used to grant Axon’s employees awards of eXponential stock units, which is a special type of performance-based restricted stock unit award modeled on the performance option award granted to Axon’s Chief Executive Officer and Founder, Patrick W. Smith. Mr. Smith’s award was approved by Axon’s shareholders at the Company’s 2018 Annual Meeting. The Plan is subject to approval at a special meeting of Axon’s shareholders which is expected to be held in February 2019.

The press release is filed as Exhibit 99.1 hereto and is incorporated herein by reference. Axon has posted on its website at www.axon.com/company/news/xspp-faq a list of frequently answered questions or FAQs in connection with the Plan that are filed as Exhibit 99.2 hereto.

Additional Information and Where to Find It

Axon plans to file with the Securities and Exchange Commission (the “**SEC**”), and furnish to its shareholders, a definitive proxy statement and other related materials in connection with the Plan (the “**Proxy Statement**”) which is to be voted upon at a special meeting of shareholders (the “**Special Meeting**”). The Proxy Statement will contain important information about the Plan and related matters. AXON’S SHAREHOLDERS ARE URGED TO READ THE PROXY STATEMENT AND RELATED MATERIALS (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT AXON WILL FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT AXON, THE SPECIAL MEETING AND THE PLAN. Shareholders will be able to obtain for free these documents and other documents filed by Axon with the SEC at www.sec.gov. In addition, shareholders will be able to obtain for free these documents from Axon by contacting Axon’s Investor Relations department by email at ir@axon.com or by going to Axon’s Investor Relations website at investor.axon.com.

Participants in the Solicitation

The directors and executive officers of Axon may be deemed to be participants in the solicitation of proxies from shareholders of Axon in connection with the Plan. The following directors and executive officers of the Company are participants in the Company’s solicitation: Michael Garnreiter, Director; Hadi Partovi, Director; Mark W. Kroll, Director; Dr. Richard Carmona, Director; Bret Taylor, Director; Matthew McBrady, Director; Julie Anne Cullivan, Director; Patrick W. Smith, Director and Chief Executive Officer; Luke S. Larson, President; Jawad Ahsan, Chief Financial Officer; and Josh M. Isner, Chief Revenue Officer. None of such participants owns in excess of 1% of the Company’s common stock except for Mr. Smith. Mr. Smith beneficially owns 1.4% of the Company’s outstanding common stock. Additional information regarding the interests of participants in the solicitation of proxies in respect of the Special Meeting will be included in the Proxy Statement. We have engaged Innisfree M&A Incorporated to assist in the solicitation of proxies:

Innisfree M&A Incorporated
501 Madison Avenue
New York, NY 10022
Stockholders Call Toll Free:(888) 750-5834
International Callers:+1 (412) 232-3651

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit Description
99.1	Press Release of Axon Enterprise, Inc. dated December 19, 2018
99.2	FAQs of Axon Enterprise, Inc. in connection with the Plan

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.

Dated: December 19, 2018

Axon Enterprise, Inc.

By: /s/ JAWAD A. AHSAN

Jawad A. Ahsan

Chief Financial Officer

Axon Offers Bold New High-Risk, High-Reward Stock Performance Plan to Employees and Future Recruits

Employees bet on 5X company growth with first-of-its-kind plan

SCOTTSDALE, Ariz. . December 19, 2018 – Today, Axon (Nasdaq: AAXN), the global leader in connected public safety technologies, announced its new eXponential Stock Performance Plan (XSPP), a unique compensation plan that gives its employees a new opportunity to align their pay directly with value creation for shareholders.

Earlier this year, Axon's shareholders approved an innovative new compensation plan where Axon CEO Rick Smith relinquished his salary and future stock grants until 2028, in return for an approach that only pays the CEO upon delivering outsized returns. Now, Axon is allowing every employee to participate in a bold compensation plan aligned to the same milestones.

"I'm excited to align employees to my CEO compensation plan and give everyone at Axon the chance to capture the benefits of achieving the incredible goals we've set for the next decade," says Axon CEO and founder, Rick Smith. "This new approach encourages a long-term view of the company and will reward our talent twofold: with the stable base compensation enabled at a profitable technology company, as well as with the outsized long-term rewards expected at a fast-growing startup."

"In a time when many companies are concentrating equity grants only among the senior ranks, Axon's eXponential Stock Performance Plan is a bold, new approach to offering a meaningful share ownership opportunity to all employees and future recruits," said Jon Burg, a partner with Aon Equity Services, an industry-leading group specializing in employee ownership strategies. "It combines the employee-friendly concepts of broad-based equity plans with rigorous, shareholder-friendly growth criteria, and a payout potential similar to the CEO's compensation program. Most important, it encourages employees to adopt a long-term outlook, and to drive hard to grow the company exponentially. Investors and the public should applaud Axon for their thoughtful and innovative approach to share ownership, motivation, and sound corporate governance."

"The market for star tech talent is brutally competitive. Attracting and keeping the best talent focused on developing solutions for law enforcement is key to achieving Axon's long-term vision," said Hadi Partovi, chairman of the compensation committee for Axon's board of directors, and also CEO and founder of Code.org. "Axon is keenly interested in attracting developers and product leaders who are excited to bring new product lines from 0 to 1. This caliber of talent is often attracted to the outsized potential returns of a startup, and this plan makes Axon more attractive among that talent pool. I believe that this plan will be a big win for both employees and shareholders."

The XSPP was developed with input from Axon's major shareholders, and awards under the XSPP will be subject to shareholder approval at a special meeting of shareholders, anticipated to be held in February of 2019. Axon's board of directors believes that the XSPP is in the best interest of Axon and its shareholders and recommends that Axon shareholders vote to approve the Axon Enterprise, Inc. 2019 Stock Incentive Plan (the "2019 Plan") in order to facilitate the XSPP.

How it Works

Pursuant to the XSPP, all employees automatically receive a grant of 60 eXponential Stock Units (XSUs) under the 2019 Plan. Additionally, certain employees can allocate a portion of their future on-target earnings to be reassigned to additional XSUs. The number of XSUs an employee receives is based on a 3x risk multiplier which is then multiplied by the 9 year length of the program. The total number of XSUs received by an employee is then divided evenly into 12 tranches that vest at similar thresholds to the 2018 CEO Performance Award. If Axon hits its targets outlined in the plan, employees will receive rewards that are aligned with exceptional returns for shareholders. To learn more about the XSPP, please visit www.axon.com/company/news/xspp-faq.

Upcoming Shareholder Vote

Although the Axon board of directors has approved the 2019 Plan and the XSPP, the effectiveness of the 2019 Plan and the XSU awards are subject to the approval of Axon's shareholders, who will be asked to approve the 2019 Plan at a special shareholder meeting that is currently expected to be held in February 2019. Anyone who is a shareholder of record or beneficial owner of Axon shares as of the record date (tentatively set for December 27, 2018) will be entitled to vote their shares at the special meeting and the 2019 Plan will only become effective if a majority of the votes cast are in favor of the proposal. If shareholder approval is not obtained at the special meeting, all XSU awards will automatically terminate and be forfeited. Axon has posted on its website and filed with the SEC a preliminary proxy statement (<https://investor.axon.com/financials/sec-filings>) providing details of the 2019 Plan and the XSPP along with additional materials for Axon shareholders.

Additional Information and Where to Find It

Axon plans to file with the SEC and furnish to its shareholders a definitive proxy statement and other related materials in connection with the proposed 2019 Plan (the "Proxy Statement") which is to be voted upon at a special meeting of shareholders (the "Special Meeting"). The Proxy Statement described above will contain important information about the 2019 Plan and related matters. AXON'S SHAREHOLDERS ARE URGED TO READ THE PROXY STATEMENT AND RELATED MATERIALS (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT AXON WILL FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT AXON, THE SPECIAL MEETING AND THE PLAN. Shareholders will be able to obtain for free these documents and other documents filed by Axon with the SEC at www.sec.gov. In addition, shareholders will be able to obtain for free these documents from Axon by contacting Axon's Investor Relations department by email at ir@axon.com or by going to Axon's Investor Relations website at investor.axon.com.

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Innisfree M&A Incorporated
501 Madison Avenue
New York, NY 10022
Stockholders Call Toll Free:(888) 750-5834
International Callers:+1 (412) 232-3651

Information regarding the interests of participants in the solicitation of proxies in respect of the Special Meeting will be included in Axon's proxy statement to be filed with the SEC.

About Axon

Axon is a network of devices, apps and people that helps public safety personnel become smarter and safer. With a mission of protecting life, our technologies give customers the confidence, focus and time they need to keep their communities safe. Our products impact every aspect of a public safety officer's day-to-day experience.

We work hard for those who put themselves in harm's way for all of us. To date, there are more than 325,200 software seats booked on the Axon network around the world and more than 209,000 lives and countless dollars have been saved with the Axon network of devices, apps and people. Learn more at www.axon.com or by calling (800) 978-2737.

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Note to Investors

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Overview:

The following frequently asked questions and answers are intended to guide you through Axon's eXponential Stock Performance Plan ("XSPP").

Q: What is the eXponential Stock Performance Plan (XSPP)?

A: Earlier this year, Axon's shareholders approved an innovative new compensation plan where Axon CEO and founder Rick Smith relinquished his salary and future stock grants until 2028 in return for an approach that only pays the CEO upon delivering outsized returns. Now, Axon is allowing all full-time U.S. employees to participate in a bold compensation plan aligned to the same milestones.

Q: Why did Axon create the XSPP?

A: The purpose of the XSPP is to align every eligible employee with the 2018 CEO Performance Award, which was designed to inspire the CEO to achieve both significant increases in shareholder value and also key company growth milestones. The XSPP is intended to encourage long-term thinking and long-term commitment with an opportunity to earn greater rewards for greater success, albeit with higher risks.

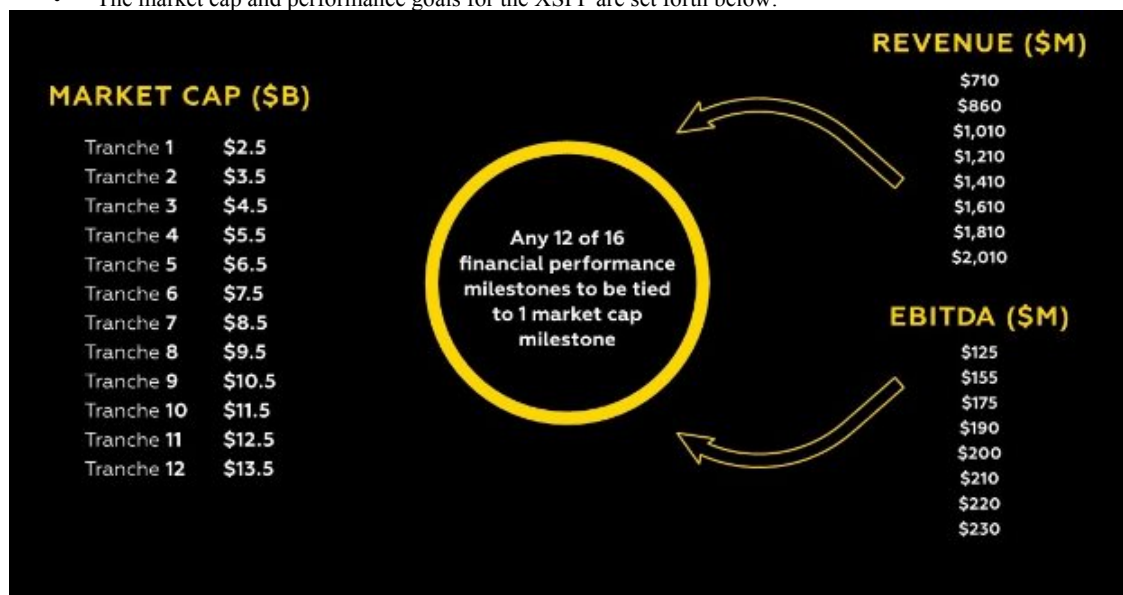
This bold, new approach is aimed at retaining and recruiting exceptional talent who have a long-term outlook and motivation to serve and grow the company. Reducing guaranteed compensation in return for the restricted stock units granted under the XSPP has the potential to deliver exceptional returns to employees, but only if the company can deliver significant growth in market capitalization and financial results.

Q: How does the XSPP work?

A: Employees opt into the plan by committing a fixed portion of their annual on-target earnings (OTE). eXponential Stock Units (XSUs) under the XSPP, a special type of performance-based restricted stock unit, are earned only upon achieving milestones, delivering returns to shareholders and realizing stretch operating performance goals. The XSPP is outlined below:

- Axon will grant 60 XSUs to all employees employed as of December 28, 2018, contingent upon execution of an award agreement and shareholder approval of the plan.
 - Additionally, on or before December 28, 2018, certain employees may elect to contribute a percentage of their OTE to the XSPP for every year of employment with Axon beginning in 2019 and until 2027 in exchange for the potential to receive up to 3x the 9-year amount allocated (in the form of common stock) if Axon achieves certain market capitalization, revenue, and Adjusted EBITDA targets between now and early 2028.
 - Once earned, the shares issued upon vesting of the XSUs are subject to a 2.5 year holding period, during which such shares cannot be sold or transferred, other than to cover taxes incurred in connection with vesting and settlement of such awards. For certain highly-compensated employees participating in the XSPP, the holding period applies to one tranche of shares acquired upon vesting until the expiration of the XSPP in February of 2028.
-

- The market cap and performance goals for the XSPP are set forth below:



Q: How much stock can employees potentially receive under the XSPP?

- All full-time U.S. employees will be granted 60 XSUs.
- Eligible employees who elect into the XSPP in December 2018, may also receive up to 3x the 9-year amount of annual OTE they commit to the XSPP. This portion of OTE committed to the XSPP is comprised of RSUs units that would have been granted in January 2019 had the employee elected to receive a grant of traditional RSUs and, in some cases, base salary that would have been earned in 2019.

Q: When does the XSPP go into effect?

A: The XSPP requires formal shareholder approval of the Axon Enterprise 2019 Stock Incentive Plan (the “2019 Plan”), which will be solicited at a special meeting of shareholders, which is expected to occur in the first quarter of 2019. However, if participating beyond the base 60 XSU grant, employees must make elections on or before December 28, 2018, regardless of the shareholder vote. If shareholders do not approve the 2019 Plan at the special meeting, all XSU awards will automatically be cancelled and traditional RSUs will be granted to the employees as if they had not made an XSU election.

Q: Will there be other equity incentive plans available so that employees who do not participate in the XSPP can earn share-based compensation?

A: Yes, within the dilution confines.

Q: Will employees be able to participate in this plan and other equity incentive plans?

A: Yes, within the dilution confines and the company's compensation strategy.

Q: How is this different than the CEO Performance Award announced in February 2018?

A: Employees who participate in the XSPP will receive XSUs, which are a type of RSU award, not stock options. This is the primary difference with the CEO Performance Award. As opposed to stock options, we believe RSUs are better understood by employees and have a clearer value, and are ultimately less dilutive to shareholders and require fewer shares for shareholder approval.

Because of the number of new shares required by the XSPP, and the need for shareholder approval, the XSPP also contains guardrails on annual dilution. This provision does not apply to the CEO Performance Award.

Q: What does this mean for Axon's bottom line?

A: This approach is designed to better align employee incentives with delivering long-term shareholder value. The plan clearly substitutes short-term time-based share-based compensation and cash compensation for long-term, performance-vesting share-based compensation to deliver market competitive total pay to employees. The most aggressive

performance targets are to grow the company five-fold: to a market capitalization of \$13.5 billion, combined with revenue of \$2 billion or Adjusted EBITDA of \$230 million.

Q: Are employees likely to bet their time-based stock compensation and base salary on break-out company growth?

A: The caliber of talent that Axon is recruiting from the tech pool is often comfortable with compensation risk in return for the potential outside returns of joining a startup. Some of Axon's investments are startup-like in that Axon is bringing new product lines and market adjacencies from 0 to 1.

Q: Did Axon gather shareholder feedback before announcing this plan?

A: Yes. Axon engaged in dialogue with the analysts, portfolio managers, and corporate governance stewards at its largest shareholders, who each provided feedback that informed the ultimate design of the plan.

Q: Why are the milestones tied to market cap rather than stock price?

A: Earlier this year, Axon's board of directors carefully considered stock price versus market cap before choosing market cap for the CEO Performance Award. At the time, the compensation committee of the board of directors believed that the ability to easily communicate the total value of the company as expressed by market cap had an advantage over stock price for the CEO, employees, and outside observers.

For the XSPP, the compensation committee gathered feedback from Axon's largest shareholders and also applied careful consideration and judgment around certain larger scale dilutive actions (e.g., employee stock-based compensation awards, acquisitions and follow-on offerings) that could increase market cap without increasing the stock price. Ultimately, the compensation committee included an anti-dilution guardrail provision into the XSPP.

Both the CEO Performance Award and the XSPP contain provisions to adjust the market cap milestones upward for acquisitions above a certain threshold.

Q: Are the milestones adjusted to account for acquisitions, new share issuances, or other material events?

A: Yes. Axon cannot acquire its way to success to achieve the milestones and cannot purely reach the market cap milestones by issuing more shares. If Axon exceeds certain dilution thresholds, market capitalization for determining if XSPP goals are met is calculated using the lower share count as defined in the dilution guardrail.

Acquisitions : Both revenue and Adjusted EBITDA are Adjusted upward to account for the revenue and Adjusted EBITDA contributions of acquisitions above pre-defined thresholds. Also, acquisitions at enterprise values higher than \$50 million shift the market cap milestones upward by the amount of the acquisition. These milestones adjust for both the CEO Performance Award and the XSPP.

New share issuances: The XSPP contains one additional layer of protection against dilution that is not caused by the CEO Performance Award and not caused by an adjustment to a market capitalization milestone triggered by an acquisition. New shares issued for any reason other than the CEO Performance Award — including for the share-based compensation associated with this plan and all other compensation plans and/or for capital raises — may not exceed a 3% annual increase (calculated on a daily basis) over the duration of the XSPP. If actual total shares outstanding exceed this guardrail, then the lower share count defined in the guardrail is used to calculate market capitalization.

These provisions drive alignment among management, employees and shareholders.

Q: Does Axon think that shareholders will approve this plan?

A: Axon strongly believes this plan serves the interest of all stakeholders, including customers, employees and shareholders. The XSPP design was informed by shareholder input and contains all the key aspects of a broad-based employee stock-based compensation structure that shareholders desire, including:

- performance-based vesting,
 - a mandatory holding period of 2.5 years after the XSUs vest,
 - company alignment among executives and all employees,
 - a broad-based plan rather than one concentrated only among senior management,
 - a heavy focus on long-term value creation through clearly defined revenue, Adjusted EBITDA and market cap milestones,
-

- the clear substitute of a new type of long-term performance restricted stock unit in exchange for shorter-term time-based stock compensation and cash compensation in driving market-competitive total pay, and
- protective guardrails regarding acquisitions and dilution.

The plan also does not include the types of items that typically cause investors to vote against these types of plans. For example, the plan has no evergreen provision for automatic share replenishment, nor does it allow for the repricing of options without shareholder approval.

Plan participants are highly incentivized to deliver significant revenue and Adjusted EBITDA growth together with significant growth in market capitalization, and share in the downside risk of shareholders.

Q: What is Axon's philosophy on corporate governance?

A: Maintaining strong relationships with shareholders, as well as exhibiting good corporate governance, is a priority for Axon's management and board of directors. To further demonstrate Axon's commitment to strong corporate governance, and to further align the interests of our board of directors and executive officers with the interests of our shareholders, Axon's board is also implementing stock ownership and board tenure guidelines as follows:

- *Directors should hold a minimum of 8,000 Shares* (Shares being defined as Axon common stock plus vested and unvested Axon stock options and restricted stock units), after receiving sufficient grants to add up to 8,000 Shares.
- *Named Executive Officers should hold a minimum of 50,000 Shares* (Shares being defined as Axon common stock plus vested and unvested Axon stock options and restricted stock units, including unvested performance-based restricted stock units), after receiving sufficient grants to add up to 50,000 Shares.
 - These guidelines specifically allow Directors and Named Executive Officers of Axon to net withhold or sell Axon stock to pay income taxes due from a taxable event involving Axon stock options and restricted stock units, including performance-based restricted stock units.
- *Board Tenure*. Each non-Executive Director of the Company shall submit a letter of resignation from the board of directors upon reaching 20 continuous years of service as a Director of the Company or age 72, whichever occurs first, and each year thereafter, which letter of resignation may be accepted or rejected by the board of directors in its sole discretion.

Q: Is there a cap on the number of shares that will be made available under the 2019 plan?

A: The cap will be set by the amount outlined in the definitive proxy, which will be filed with the SEC. There's also a cap on employee participation by on-target earnings level.

Q: What will be the total potential dilution from this plan and any additional equity plans offered over the life of this plan?

A: The XSPP contains an anti-dilution provision that disincentivizes Axon from organically growing the number of shares outstanding by more than 3% in any given year. The anti-dilution provision limits the number of shares that Axon can create for all share-based compensation plans, including this one, as well as for tuck-in acquisitions and capital raises.

Q: Will employees who join closer to the end of the plan be granted other equity incentives?

A: We will make that determination on a case by case basis.

Q: Are there ways to tailor this plan to make it attractive for employees who do not wish to stay at Axon long-term?

A: No. Employees still get cash compensation, which includes salary and bonus, plus potentially any time-based RSUs. A major purpose of this particular plan is its long-term value creation for shareholders and employees, as well as long-term retention.

Q: Where can I learn more about the plan?

A: The press release announcing the plan is available on our investor website. We are also filing a preliminary proxy document with the SEC, which is available at investor.axon.com or at SEC.gov under the stock symbol, AAXN.