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## TASER International, Third Quarter 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) And our first question comes from the line of Eric Wold with Merriman Curhan Ford. Please proceed

#### Eric Wold - Merriman Curhan Ford

Thank you. Good morning guys. One just numbers question then I have two quick questions after that. Can you, Dan, give the normal or breakdown with the number of units shipped of the different products?

#### Dan Bernhardt

Sure, sure. The number of cartridges shipped for the quarter were 284,559, so that is actually up versus the second quarter. We shipped 16,721 X26 units, 965 M26 units and 3,831 T2 units. And the TASER CAMS for the quarter are actually 2,947 TASER CAMS shipped.

#### Patrick Smith

One thing actually, Dan, that maybe add a little more discussion on there, the ratio of cartridges to handles and what we've seen there qualitatively.

#### Dan Bernhardt

Sure. So what we've been looking at is the number of cartridges sold each quarter versus the installed base. And typically we've seen a ratio be between four and five cartridges per handle in the field per year. And that ratio this year has been down versus the historical trend.

It's been down around three cartridges per handle in the field. I think a lot of that's due to the economic climate when right now I think our customers are using the cartridges they have instead of continue to purchase from us. I think you they probably built up an inventory over the years sort of in the good times so they use sort of the budget flush monies to buy cartridges.

When I looked at the sales this year and if I normalize the sales for the normal cartridge levels, our sales would actually almost \$7 million higher than they've been. So actually instead of being down about 5%, we'd be up 5%.

So that's obviously a trend we're going to continue to monitor. I think that as our customers' kind of work through the current inventory, they're eventually going to be back to us. But that certainly had an impact this year.

**Eric Wold - Merriman Curhan Ford**

Okay, understandable. And then I guess obviously with the potential customers looking at their budgets and looking at their tax receipts and kind of figuring out where they can spend, where can TASER fit into the budget cycle? If a budget is kind of fixed and set for the company fiscal year by municipality and TASER is not in that budget, how easy is it to get in there mid-year if things improve?

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