

Taser Sales Reflect Diversification, Says Chairman

By TONY COOKE
Dow Jones Newswires

INSIDE TRACK

Taser International Inc. has attracted some of the most fervent support and dismissive skepticism in the stock market, so the recent sale of \$90 million

worth of shares by company insiders is bound to raise eyebrows.

Taser Chairman Phillips W. Smith, who sold \$35 million of that stock, said the transactions reflect sensible diversification among executives and, in his case, prudent retirement planning. Taser's history of insider transactions lends credence to that explanation, ac-

ording to Michael Painchaud, who tracks insider trends as the research director for Market Profile Theorems.

Since the beginning of 2003, Taser's stock has risen about 90 times from a split-adjusted 67 cents a share as the Scottsdale, Ariz., company has posted impressive increases in the sales of "less-lethal self-defense devices" for law enforcement. Taser's weapons are designed to incapacitate people, using compressed nitrogen to shoot two electrified probes at a target.

With a market capitalization of about \$1.6 billion and revenue of \$18.9 million in the third quarter, skeptics argue that the company is trading far ahead of its real value. The company's stock is a favorite of short sellers, who as of Oct. 15 had borrowed and sold 16 million Taser shares. The company has a public float of 19.1 million shares.

"I think the valuation of the company right now is just completely absurd," said Stephen Barnes, portfolio manager for Barnes Investment Advisory Inc. Mr. Barnes said he and his clients own no Taser shares, nor have they sold shares short—although Mr. Barnes said he tried to sell the stock short about a year ago. Short sellers sell borrowed stock and hope to profit by buying back the stock once its price has dropped, returning it to the lender and pocketing the difference. Mr. Barnes said he couldn't find stock to borrow—a lucky break because of the stock's continued rise. "The investment gods saved me on that one," he said.

The investment gods have also been kind to Taser insiders, who have watched the value of their holdings rise dramatically—and who have sold off a significant amount of those holdings.

Mr. Smith, who plans on remaining with the company as chairman but retiring on Jan. 1 from his responsibilities handling the company's investor relations, doesn't apologize for the fact that Taser has made him a wealthy man. He said before his recent sales, more than 80% of his wealth was tied up in the company.

"So the question is, how much do you want to keep in one key asset?" he said. Taser insiders, Mr. Smith said, never use inside information in their decisions to sell stock. "We let the shareholders get the best deal," he said.

Mr. Painchaud said his analysis of the Taser transactions supports Mr. Smith's view. Under the method that Mr. Painchaud uses to count transactions, there have been nearly 300 stock sales by Taser insiders, with only one purchase since Taser went public in 2001. "Over the time there have been these sales, basically the stock has gone up," said Mr. Painchaud. "There's very little information content in the sales."

Mr. Smith notes that he began his recent sales nearly three weeks ago at about \$41 a share. The stock has continued to rise since then. According to data from Washington Service, Mr. Smith's sales in the past three weeks were at an average price of \$49.88 a share. Taser's shares were trading at \$59.66 each in f.p.m. composite trading on the Nasdaq Stock Market yesterday.

"We feel pretty good about the fact that we're not trying to take advantage of the shareholders on this," Mr. Smith said. Given the company's stock-price history, Mr. Smith said, he doesn't believe investors begrudge him his good fortune. "There can be very few unhappy shareholders in this company," he said.

Insider Trading Spotlight

Biggest Individual Trades

(Based on reports filed with regulators last week)

COMPANY NAME	SYMBOL	INSIDER'S NAME	TITLE	\$ VALUE (000)	NO. OF SHRS IN TRANS (000)	RANGE OF SHR VALUES	TRANS DATES
Buyers							
Microsoft	MSFT	J. Courtis	DI	5,831	198	29.39	11/06/04
Bank Of America	BAC	G. Sloan	D*	3,001	65	46.17	11/30/04
Valence Technology	VUNK	C. Beeg	DOF	3,000	912	3.29	11/03/04
Aames Investment	AKC	A. Meyerson	CEO	1,752	206	8.50	11/05/04
American Capital Strategies	ACAS	P. Harper	D	953	30	31.77	11/05/04
Align Technology	ALGN	G. Gand	BI	867	80	10.79-18.90	11/02-05/04
Aames Investment	AKC	R. Spass	D	850	100	8.50	11/05/04
LKQ Corp	LKQ	D. Flynn	D	778	50	15.31-15.71	11/03-04/04
Prostek	PRST	P. Kellogg	BI	703	68	10.41	11/04/04
Input/Output	IO	J. Lapeyre	D*	661	95	6.87-7.00	11/04/04
Sellers							
Anteon International	ANT	F. Iselman	DI	123,635	3,169	39.02	11/03/04
General Maritime	GMR	S. Kaplan	DI	74,000	2,000	37.00	11/03/04
SRA International	SRX	S. Denning	DI	25,258	435	58.00	11/04/04
Alliance Data	ADIS	B. Anderson	DOI	22,735	549	41.43	11/05/04
Alliance Data	ADIS	T. McInerney	BI	22,735	549	41.43	11/05/04
Alltel	AT	W. Crown	DI	20,742	374	55.49-55.57	11/05-08/04
EGL	EAGL	J. Crane	CEO	19,800	600	33.00	12/09/04
SRA International	SRX	E. Volgenau	CEO	19,387	350	55.39	11/04/04
Netgear	NTGR	S. Rayer	DI	19,350	1,500	12.90	11/02/04
Best Buy	BBY	M. Kesley	O	18,659	311	59.96	11/03/04

Buying and Selling By Sector

(Based on actual transaction dates in reports received through Friday)

SECTOR	BUYING	SELLING	SECTOR	BUYING	SELLING
Basic Industries	382,315	\$2,509,849	Finance	13,350,771	192,661,599
Business Services	324,558	79,912,422	Health Care	2,540,652	201,012,709
Capital Goods	0	0	Industrial	3,509,186	80,579,520
Consumer Durables	831,350	86,741,204	Media	24,036	18,437,866
Consumer Non Durables	770,464	72,498,810	Utilities	1,585	14,751,853
Consumer Services	485,733	29,882,268	Technology	6,763,382	258,999,465
Energy	1,111,946	42,210,447	Transportation	1,205,905	58,070,858

Biggest Individual Trades

(Based on reports received by Thomson Financial on November 15)

COMPANY NAME	SYMBOL	INSIDER'S NAME	TITLE	\$ VALUE (000)	NO. OF SHRS IN TRANS (000)	RANGE OF SHR VALUES	TRANS DATES
Buyers							
Harvest Natural Resources	HNR	P. Hill	CEO	275	18	15.04	11/11/04
Video Display	VIDE	R. Ordeay	CEO	243	20	11.84-12.50	11/12-15/04
Raymond James Financial	RJF	A. Sink	D	206	7	29.41	11/12/04
CharterMac	CHK	H. Ganlicher	D*	193	8	23.25-23.38	11/08-09/04
Sirva	SIR	I. Yaskovitz	D	179	10	17.80-17.90	11/12/04
Nalco Holding	NLC	J. Gigerich	OX	150	10	15.00	11/18/04
Newport Corp	NEWP	L. Alexandersson	O	86	8	11.40-11.57	11/12/04
Mediware	MEDW	L. Auriana	DOI	78	8	18.00	11/11/04
Sirva	SIR	M. Gusseller	O	75	4	12.90	11/12/04
AngioDynamics	ANGO	E. Hobbs	CEO	72	5	13.95-13.99	11/12/04
Sellers							
Forest Laboratories	FRX	R. Solomon	CEO	15,800	360	43.70-44.07	11/10-11/04
Best Buy	BBY	R. Schulze	COI	13,397	224	59.21	11/11/04
General Dynamics	GD	N. Chabrala	CEO	11,191	103	108.20	11/11/04
Pepsi Bottling	PEG	J. Cahill	CEO	7,058	245	28.55-29.20	11/12/04
Vornado	VNO	R. Wight	D	6,993	100	69.90-78.00	11/11/04
Harman International	HAR	G. Stapleton	P	6,281	49	127.15	11/10/04
US Steel	X	T. Usher	D	5,590	127	44.19	11/11/04
St. Jude Medical	STJ	K. O'Malley	GC	5,115	68	75.76	10/28/04
St. Jude Medical	STJ	K. O'Malley	GC	4,977	65	76.57	10/29/04
St. Jude Medical	STJ	J. McCullough	P	4,786	66	72.07	10/25/04

*Half of the transactions were indirect. B:beneficial owner of more than 10% of a security class; CB:chairman; CEO:chief executive officer; CFO:chief financial officer; COO:chief operating officer; D:director; DO:director and beneficial owner; GC:general counsel; H:officer, director and beneficial owner; I:indirect transaction filed through a trust, insider spouse, minor child or other; O:officer; CO:officer and director; OX:divisional officer; P:president; U:unknown; VP:vice president; Includes transactions related to stock option exercises.

Source: Thomson Financial

Treasury Bonds, Notes and Bills

November 16, 2004

Explanatory Notes

Representative Over-the-Counter quotation based on transactions of \$1 million or more. Treasury bills, notes and bill quotes are in six increments. Colors in bid and asked quotes represent 30-day, 180-day

MATURITY	TYPE	BID	ASKED	CHG	YLD
Nov 07	0	91.94	91.94	-2	3.11
Nov 07	18	91.07	91.07	-2	3.24