

Smith & Wesson

Mike Golden, President, CEO
John Kelly, CFO

June 2006



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Smith & Wesson Holding Corporation

Certain statements contained in this presentation may be deemed to be forward-looking statements under federal securities laws, and the Company intends that such forward-looking statements be subject to the safe-harbor created thereby. Such forward-looking statements include statements regarding the Company's strategies, the demand for the Company's products, the opportunity for growth of the Company, anticipated sales and operating results, customer satisfaction and cost-reduction efforts. The Company cautions that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by such forward-looking statements. Such factors include the demand for the Company's products, the Company's growth opportunities, the ability of the Company to obtain operational enhancements, and other risks detailed from time to time in the Company's reports filed with the SEC.



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Investment Highlights

- **Coupling brand strength with innovation and achieving:**
 - Growth in our core handgun business
 - Diversification into new growth markets
- **A Seasoned Leadership Team with World Class Experience**
 - Delivering Solid Revenue & Earnings Growth
 - Executing on the Strategy: Safety, Security, Protection, Sport
 - Launching Innovative Products
 - Enhancing Productivity to Fuel Margin Growth
 - Driving Brand Value with New Licensing Partners
 - Getting attention in Washington

NASDAQ: SWHC

Shares Outstanding: 39,485,543

Price: \$8.19 (at 7/19/06) Market Cap: \$323 M



A Seasoned Leadership Team...

Mike Golden, President, CEO

Leland Nichols, COO

John Kelly, CFO

Tom Taylor, VP Marketing

Ken Chandler, VP Operations

Barbara Hunnicutt, VP Licensing



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Company Profile

- **154 Year Old American Company**
 - Largest U.S. Manufacturer/Exporter of Handguns
 - Largest U.S. Manufacturer of Handcuffs
 - Market Share: #1 in Revolvers, #3 in Pistols
 - New entrant in Tactical Rifle Market
- **736 Employees**
- **Union-Free, U.S. Manufacturing:**
 - Springfield, Massachusetts
 - Houlton, Maine
- **Brand Awareness: 87%**



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S&W: 87% Brand Awareness

Extremely high in our served markets, and in markets we do not serve today:

A company-sponsored, 2004 survey asked consumers about their purchase intent for the following products & services. S&W ranked as follows:

Revolvers	#1	(served)
Pistols	#1	(served)
Tactical Rifles	#1	(entered 2006)
Hunting Rifles	#3	(not served)
Shotguns	#3	(not served)
Security Systems	#3	(not served)
Ammunition	#4	(not served)

Source: American Sports Data - Nov, 2004

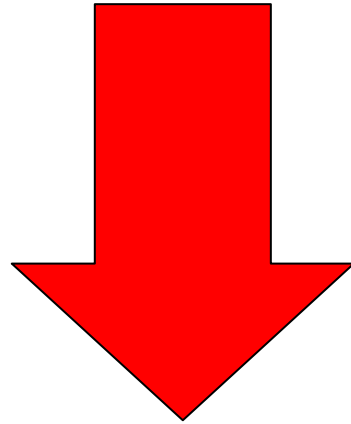


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Executing on the Strategy

**Yesterday: Selling Handguns
in the U.S. Sporting Goods Channel**



**Today: A Global Leader in
Safety...Security...Protection...Sport**



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Growth Strategy

Use “Safety-Security-Protection-Sport” platform to enter new markets while driving CAGR of 14%-18% in core business in fiscal 2007.

Brand Development

- Re-invent the legacy
- Key to new market entry
- Licensing opportunities
- Marketing initiatives

Existing Handgun Business

- Innovative New Products
- Sporting Goods
- Law Enforcement
- Military/Federal Government
- International

New Market Possibilities

- Long Guns
- Training/Ranges
- Less Lethal
- Ammunition
- Firearms Accessories
- Security Systems
- Criminal Investigation
- Homeland Defense Products/Services



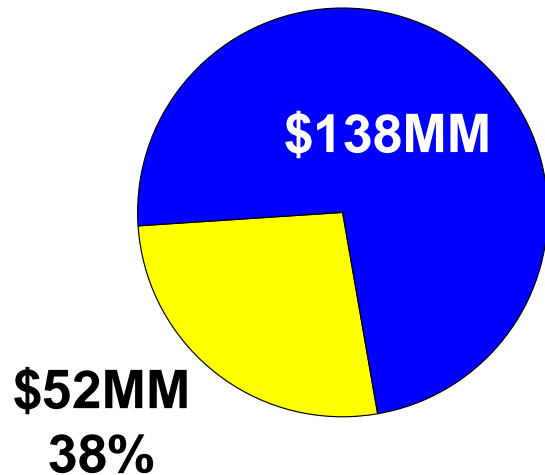
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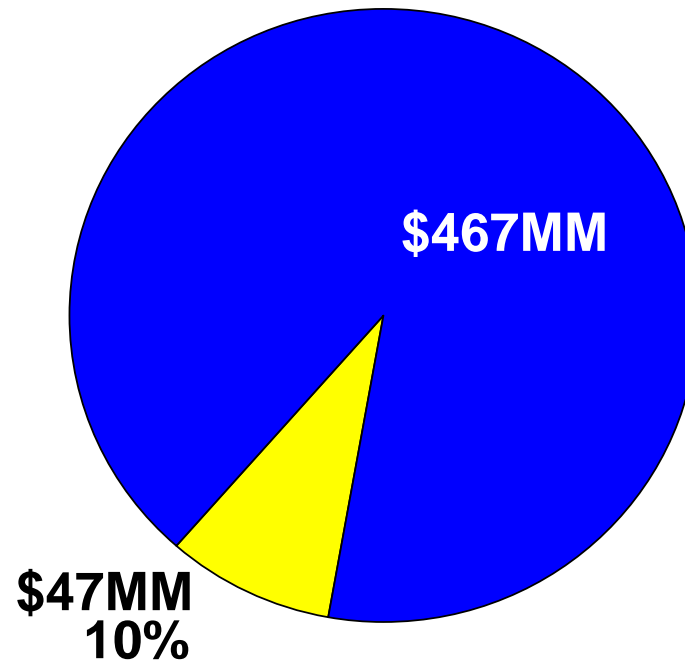
Revolver / Pistol Market: \$605MM

2004 (CALENDAR) U.S. DOMESTIC NON-MILITARY MARKET –2005 (FISCAL) S&W SALES

REVOLVERS



PISTOLS



S&W 2005 (Includes Walther Products)



Market 2004

SOURCE: BATF 2004 Excise Tax Study & Smith & Wesson Management Estimates



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Innovative New Products

Revolvers



Scandium



500



460 XVR

Pistols



S&W 1911 Family



**Military & Police
Pistol Series**



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Introducing the Smith & Wesson Military & Police Pistol



- Engineered with input from over a dozen LE and military organizations
 - Enhanced versatility, durability, safety
- Competitively priced, feature rich, designed for LE and military markets
- World class product introduction
- First units shipped December 5, 2005
 - 23 LE dept. purchase orders in-hand
 - 35 additional LE dept. approvals earned



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Channel Management Strategy

Local Law Enforcement	Federal Law Enforcement & Military
International	Sporting Goods



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Handgun Growth Strategy

Sporting Goods Channel

- **Growth in FY 2006:**
 - **Sporting Goods Revenue: +19.4% (Q4 + 32%)**
 - **Engraving/Performance Center & Commemoratives: +250%**
- **Direct Force of 30 U.S. Sales Employees**
- **New Product Support:**
 - **SW460**
 - **M&P40**
 - **M&P9**
 - **M&P15 Tactical Rifle Series**
- **Consumer Promotions Focusing on “Pull”**
 - **Shooting for Hawaii**
 - **NASCAR**
 - **Consistent consumer incentives**

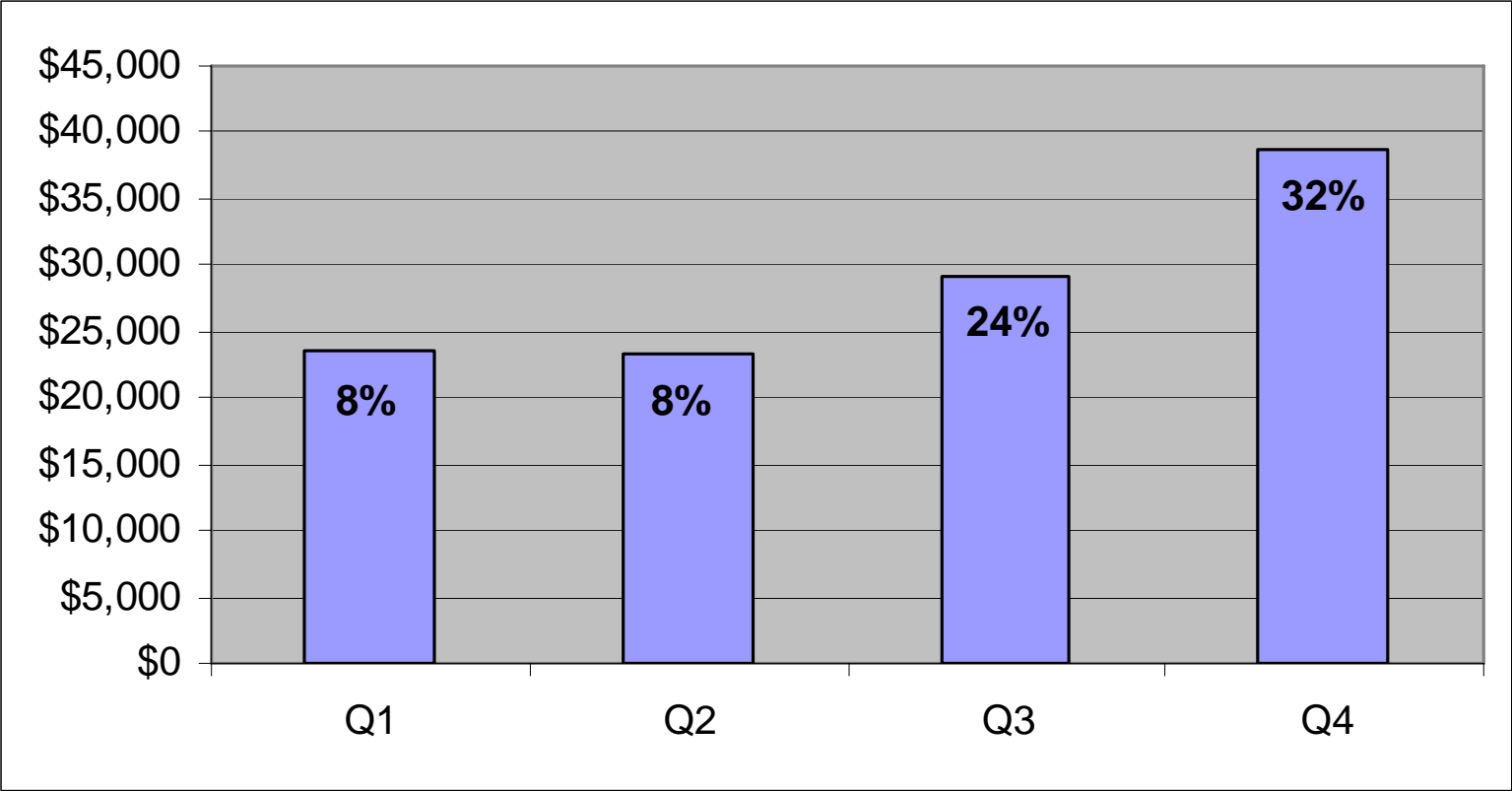


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Sales Growth

FY 2006 Sales into Sporting Goods Channel



*In millions



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Handgun Growth Strategy

Military/Federal Government Channel

- **Growth in FY 2006 :**
 - **Military/Federal Law Enforcement: \$11.0M versus \$0 in FY 2005**
 - **Experienced Leadership: Ernest Langdon**
 - **Highly-regarded in law enforcement & military arena**
- **Military Orders Received:**
 - **Four Orders (75K units) from U.S. Government for Afghanistan Army**
- **Major lobbying firm is driving:**
 - **Increased visibility in Washington for new contracts**
 - **Regular CEO & COO visits to Washington, DC**
- **New Product Support:**
 - **M&P9 and M&P40 Polymer Pistols**
 - **M&P15 Tactical Rifles**



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Handgun Growth Strategy

Law Enforcement Channel

- **Experienced Leadership:**
 - Bryan James, Dir. Law Enforcement Sales, formerly Glock
- **Expanded Sales Organization:**
 - 8 Regional Sales Managers, including top Glock sales execs
- **New Product Support:**
 - M&P40 aimed at domestic law enforcement
 - Orders received from 23 law enforcement agencies
 - Approvals received from 35 additional agencies
 - M&P9 Launched May, 2006:
 - Domestic & international focus
 - M&P15 & M&P15T – Providing police with SWAT capability



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Handgun Growth Strategy

International Channel

- **Growth in FY 2006 : +58%**
- **Established & expanding sales channel and revenue base**
 - **Upgrading sales agents to enhance contacts in police/military**
 - **Europe, Latin America, Asia, Middle East**
- **New Product Support:**
 - **M&P9: Domestic & international markets (NATO approved)**
- **Lobbying focus:**
 - **Shorten Federal export approval timeline**
 - **Raise \$1,000,000 Congressional approval export threshold**



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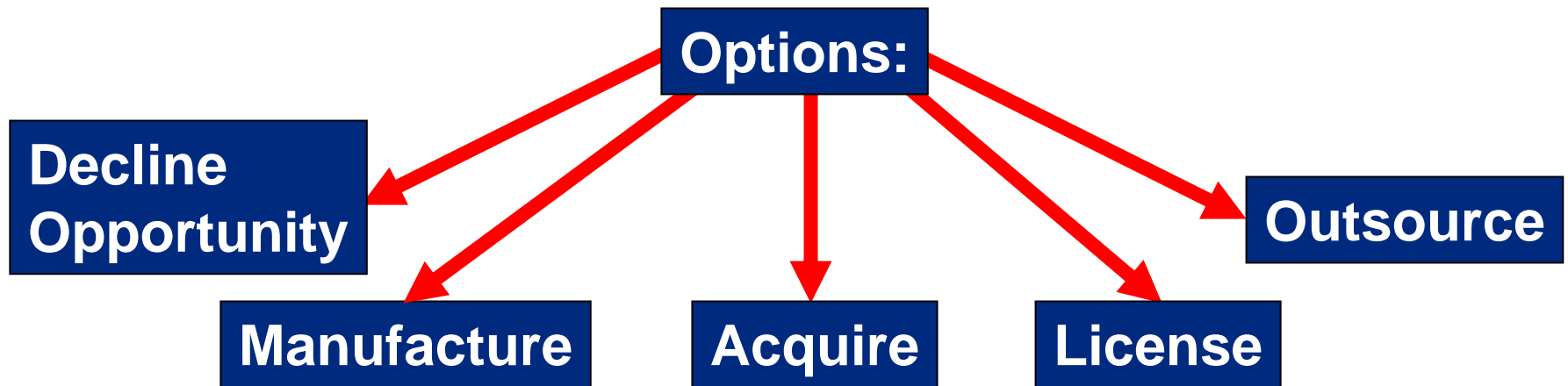
New Market Opportunities & Options

Safety...Security...Protection...Sport

- Long Guns
- Training/Ranges
- Ammunition
- Security Systems

Tactical Rifles
Hunting Rifles
Shotguns

- Criminal Investigation
- Homeland Defense
Products/Services
- Less Lethal

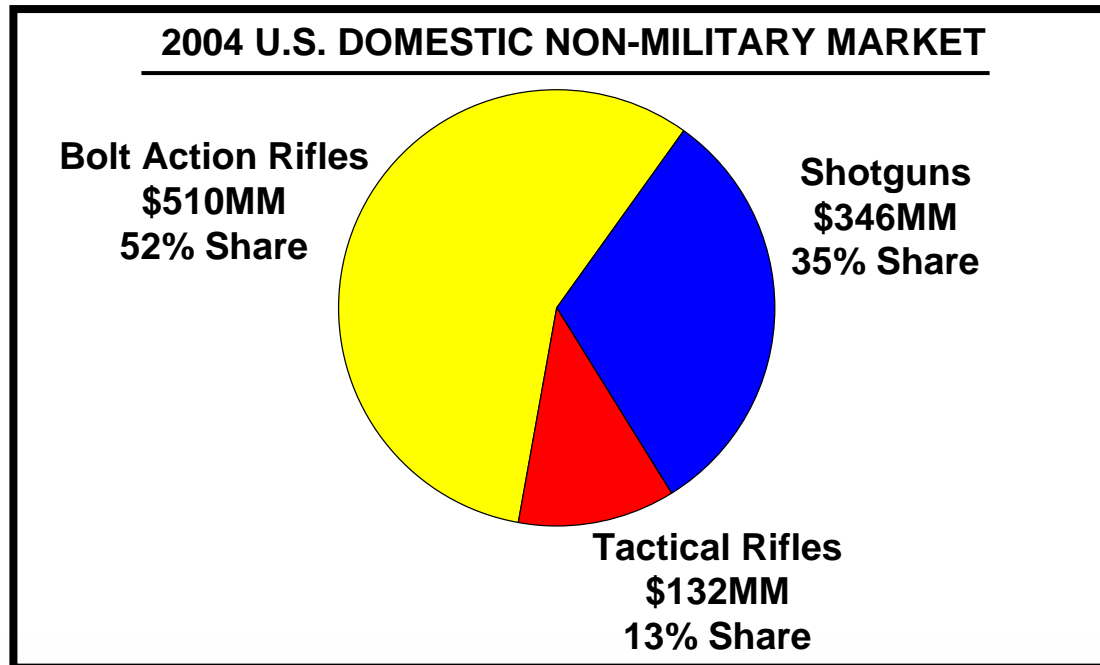


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Entering New Markets: Tactical Rifles

- Consumers say S&W should be in tactical rifles
- Tactical rifles are the fastest growing segment in the long gun market
- Sporting Goods channel is underserved by premium tactical rifles
- M&P15 & M&P15T are expansions of Military & Police family of products



SOURCE: BATF 2004 Excise Tax Study and Smith & Wesson Management Estimates



Smith & Wesson M&P15 Rifle Series

M&P
15



Smith & Wesson
M&P
MILITARY & POLICE

M&P
15T



- Concept to first shipment: 6 months
- Test & evaluation unit requests from 80 law enforcement agencies
- 10 LE orders received:
Including Las Vegas Metro P.D.
- Target: 10%-15% market share in year one

"If you're a fan of the M4A1 Carbine, I can assure you that the new M&P Carbine is as good as it gets."

- Gary Paul Johnson, SWAT Magazine, SHOT Show Edition



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Driving Brand Value: Licensing

- **Upgrading Licensee Portfolio:**
 - **Sentry Safe**
 - **Radiator Specialty (gun cleaning products)**
 - **Hats and Tees**
 - **Automotive Aftermarket Accessories**
 - **New Possibilities: Monitored Security Systems, Ammunition**
- **Focus: Use licensing to enter new markets, serve brand loyalty opportunities, and aggressively pursue initiatives that fall within:**

**Safety...Security...Protection...Sport
& Brand Loyalty**

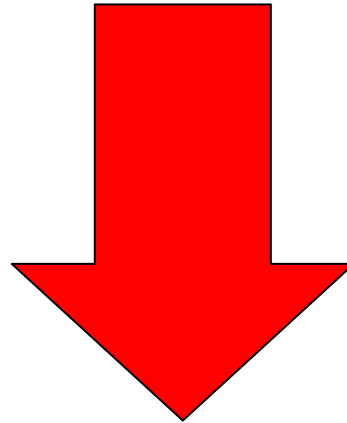


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The Brand: Re-Inventing a Legacy

Yesterday: An Inconsistent Message to a Limited Audience



Today: A “Loud” and Visible Brand With a Consistent Message to a Diverse Audience



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The Brand: Marketing Initiatives

NASCAR



Customer Affinity Programs:



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Enhancing Productivity

- **Achievements through FY 2006:**
 - Held inventory flat while growing sales +27%
 - On time delivery improved from 60% to 85%
 - Machine uptime improved from 60% to 80%
- **Implementing Smith & Wesson Operating System**
 - Based on Toyota Production System
 - Problem-Solving Process Development
 - Standardize approach & deliver solutions faster
- **Equipment Technology Upgrade**
 - Technology Cell – Pistol Manufacturing
 - New machining / Equipment re-furbishing
- **Strong Team Supporting:**
 - Operations and new product development



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Legislative Environment

Protection of Lawful Commerce in Arms Act Signed into law October, 2005

- **Pursuing Opportunities in Washington to:**
 - **Raise Export Approval Threshold**
 - **Secure U.S. Military Pistol Opportunity**
 - **Supply Iraq / Afghanistan Weapons & Restraints**
 - **Win Federal Agency Orders (FBI, NSA, DEA, etc.)**



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Income Statement Summary

Year Ended April 30			
	2004	2005	2006
Revenue	\$117.9	\$124.0	\$157.9
Gross Profit	\$39.1	\$40.9	\$49.6
Operating Income	\$4.8	\$11.2	\$14.5
Net Income	\$0.8	\$5.2	\$8.7
EPS	\$0.02	\$0.14	\$0.22

Sales +27%

Net Income +67%

*In millions except for per share data



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Balance Sheet Summary

April 30 2006	
Cash & Cash Equivalents	\$0.7
Accounts Receivable	\$27.4
Working Capital	\$21.5
Accounts Payable	\$13.6
Notes Payable	\$14.3
Equity	\$41.3
Total Shares Outstanding	\$39.2

*In Millions



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Annual Guidance

	FY2007 Guidance	FY2006 Actual	FY2005 Actual
New Product Sales	\$180-\$186MM +14-18%	+157.9MM	\$124.0MM
Income	\$12.5-13.5MM	\$8.7M	\$5.2MM
Earnings per Fully Diluted Share:	\$0.30-\$0.32	\$0.22	\$.14



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