

Smith & Wesson

Mike Golden, President, CEO
John Kelly, CFO

March 2006



Smith & Wesson®



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.



Smith & Wesson[®]



Investment Highlights

- **Leadership Team in Place**
- **A New Market Approach...Safety, Security, Protection, Sport**
- **A Strong, Untapped Legacy Brand**
- **Innovative New Products**
- **Growth Opportunities in Core Business**
- **Diversification into New Markets**
- **Significant Productivity Enhancement Opportunities**
- **Positive Legislative and Litigation Trends**

AMEX: SWB

Shares Outstanding: 39,206,647

Price: \$5.30 (at 3/7/06) Market Cap: \$208MM



Smith & Wesson®



Experienced Leadership Team...

Mike Golden, President, CEO

John Kelly, CFO

Tom Taylor, VP Marketing

Ken Chandler, VP Operations

Leland Nichols, VP Sales

Barbara Hunnicutt, VP Licensing

Ann Makkiya, Corporate Counsel

Bill Lachenmeyer, VP Human Resources



Smith & Wesson®



Company Background

- **154 Year Old American Company**
- **Headquarters: Springfield, Massachusetts**
- **736 Employees**
- **Two Manufacturing Facilities (Union-Free):**
 - **Springfield, Massachusetts**
 - **Revolvers, Pistols**
 - **Houlton, Maine**
 - **Handcuffs, Pistols**



Smith & Wesson®



Company Background

- **Largest U.S. Manufacturer of Handguns**
- **Largest U.S. Exporter of Handguns**
- **Largest U.S. Manufacturer of Handcuffs**
- **# 1 in U.S. Revolver Market Share**
- **# 3 in U.S. Pistol Market Share**
- **A Legacy Brand With 87% Brand Awareness With the General Public (Not Just Firearm Enthusiasts)**

Source: Federal Excise Tax Data – Q3, 2004
American Sports Data - Nov, 2004



Smith & Wesson®



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)
Shotguns	#3	(not served)
Hunting Rifles	#3	(not served)
Tactical Rifles	#1	(not served)
Ammunition	#4	(not served)
Security Systems	#3	(not served)

Source: American Sports Data - Nov, 2004



Smith & Wesson®



A New Market Approach

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

GOAL

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



Smith & Wesson®



Growth Strategy

Use “Safety-Security-Protection-Sport” platform to enter new markets while driving CAGR of 19-20% in core business in fiscal 2006.

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



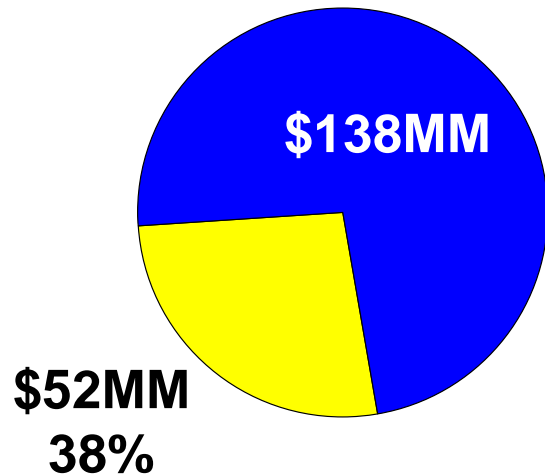
Smith & Wesson®



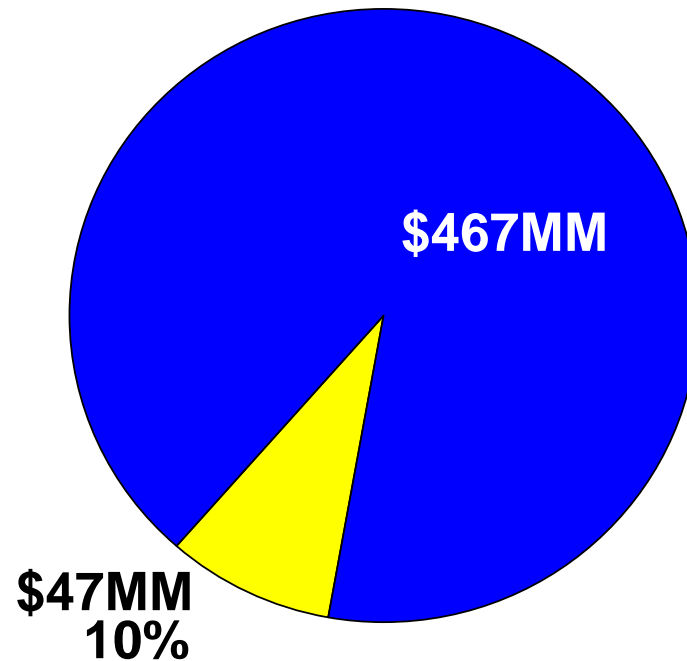
Revolver / Pistol Market: \$605MM

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



Smith & Wesson®



Innovative New Products

Revolvers



Scandium



500



460 XVR

Pistols



S&W 1911 Family



**Military & Police
Pistol Series**



Smith & Wesson®



Introducing the Smith & Wesson Military & Police Pistol



- First units shipped December 5, 2005
- Engineered with input from over a dozen LE and military organizations
- Unique features incorporate versatility, enhanced durability and safety.
- World class product introduction, regarded as the most professional the industry has seen.
- Premium priced, feature rich product, designed to penetrate LE and military markets.

Smith & Wesson®
M&P
MILITARY & POLICE



Smith & Wesson®



Channel Management Strategy

Local Law Enforcement	Federal Law Enforcement & Military
International	Sporting Goods



Smith & Wesson®



Handgun Growth Strategy

Sporting Goods Channel

- **Sales Leadership in Place**
 - Eoin B. Stafford, Director of Sporting Goods Sales – Formerly H&K
- **Expanded Smith & Wesson Employee Sales Force (+16)**
 - Elimination of manufacturer's reps
 - Demand creation: Product “pull” vs. “push”
- **Increased focus on high margin segments**
 - Engraving, Commemorative Guns, Performance Center
- **New Products Launched: M&P Pistol, S&W 460, S&W 500, 1911's**
- **Consumer Marketing Programs Scheduled**
 - Event Marketing & Pull Promotions



Smith & Wesson®



Handgun Growth Strategy

Military/Federal Government Channel

- **Leadership in Place**
 - Ernest Langdon, Director of Federal Law Enforcement/Military Sales
 - Formerly Operations Manager, Law Enforcement Sales with Beretta
 - Tactical training provider to law enforcement and military
 - Multiple national and world titles in competitive shooting sport
- **Lobbying efforts underway**
 - Hired major lobbying firm
 - Regular CEO visits to Washington, DC
- **Four new contracts: U.S. Government for Afghanistan Army (75,000 units)**
 - Launched M&P pistol – aimed at Federal Law Enforcement (FBI, etc.)



Smith & Wesson®



Handgun Growth Strategy

Law Enforcement Channel

- **Leadership in Place**
 - Bryan James, Dir. Law Enforcement Sales – formerly Glock
- **Expanded Sales Organization**
 - Two additional top sales executives hired from Glock
 - Increased from 5 to 8 Regional Sales Managers
- **Launched M&P Pistol**
 - Designed specifically to penetrate police/military markets
 - Designed with input from multiple police departments
 - Test & Evaluation units to >150 departments
 - Orders from 8 law enforcement agencies – more pending
 - National & International



Smith & Wesson®



Handgun Growth Strategy

International Channel

- Leadership in Place:
 - Amaro Goncalves, Dir. International Sales – formerly Colt
- Launched M&P Pistol
 - Designed specifically to penetrate police/military markets
- Lobbying underway
 - Shorten Federal export approval timeline
 - Raise \$1,000,000 Congressional approval level
- Established & expanding sales channel and revenue base
 - Upgrading sales agents to those with contacts in police/military
 - Europe, Latin America, Asia, Middle East



Smith & Wesson®



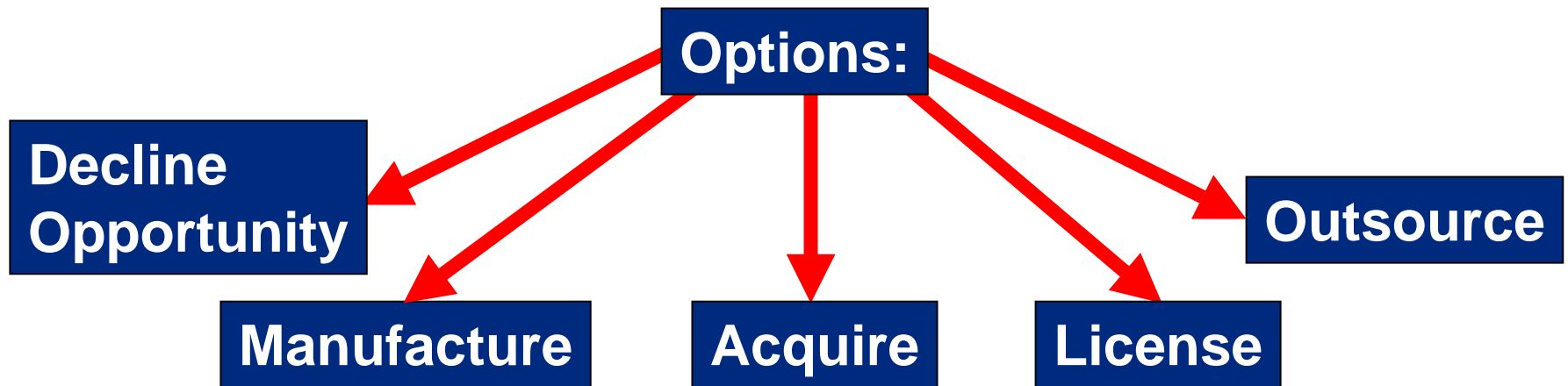
New Market Opportunities & Options

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

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

Shotguns
Hunting Rifles
Tactical Rifles

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

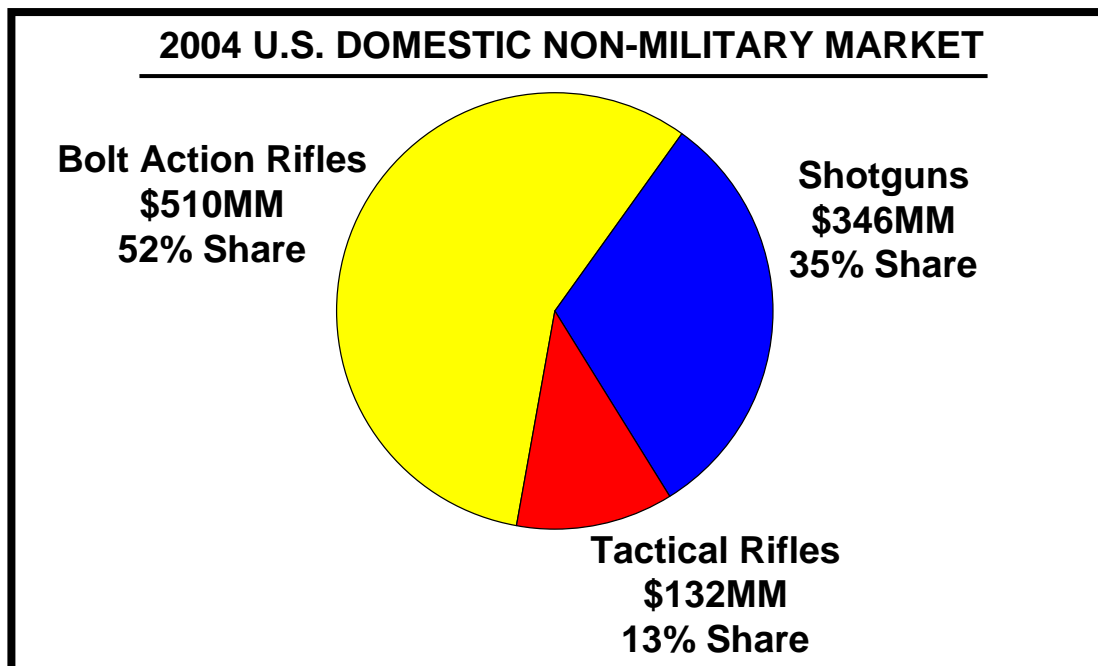


Smith & Wesson®



Smith & Wesson Enters the Long Gun Market

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



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



Introducing the Smith & Wesson M&P15 Rifle Series

M&P
15



Smith & Wesson®
M&P
MILITARY & POLICE

M&P
15T



"Smith & Wesson's new AR-type rifle is a credit to the firm's long history of duty guns."

- Dick Metcalf, Guns & Ammo Magazine, March/SHOT Show Edition

"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

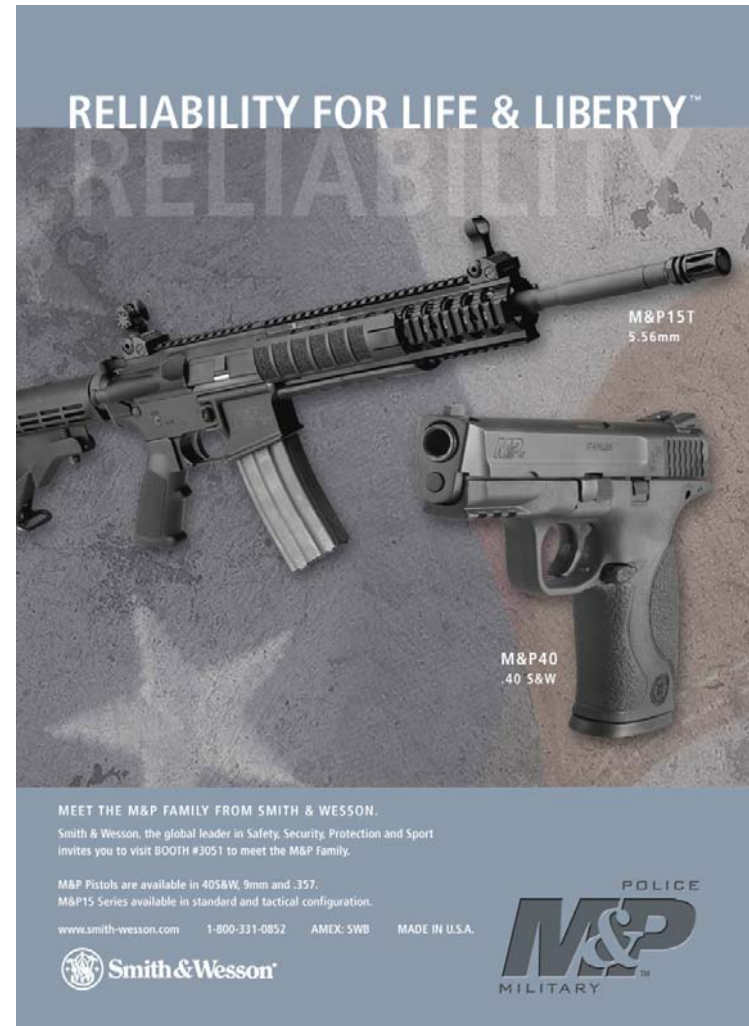


Smith & Wesson®



The Military & Police Family Begins...

- Concept to first shipment – 6 months
- Test & evaluation unit requests from 80 Law Enforcement Agencies
- First order received 3 weeks from launch – *Las Vegas Metro P.D.*
- Targeting 10%-15% market share in year one



RELIABILITY FOR LIFE & LIBERTY™


M&P15T
5.56mm


M&P40
.40 S&W

MEET THE M&P FAMILY FROM SMITH & WESSON.
Smith & Wesson, the global leader in Safety, Security, Protection and Sport invites you to visit BOOTH #3051 to meet the M&P Family.

M&P Pistols are available in 40S&W, 9mm and .357.
M&P15 Series available in standard and tactical configuration.

www.smith-wesson.com 1-800-331-0852 AMEX: SWB MADE IN U.S.A.

 Smith & Wesson™

 POLICE
M&P
MILITARY



Smith & Wesson®



The Brand: Licensing Opportunities

- **FY 2005 Licensing Revenue: \$1.8MM**
 - **Hearing & Eye Protection, Knives, Safes, Soft Air Guns, etc.**
- **Target: Grow Licensing Revenue 3-5X by 2009**
 - **Recent Licensees: Sentry Safe, Radiator Specialty (gun cleaning products) Hats and Tees**
 - **New Possibilities: Monitored Security Systems, Ammunition, Truck and Hunting Accessories**
- **Focus: Use licensing to enter new markets, serve brand loyalty opportunities, and aggressively pursue initiatives that fall within:**

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

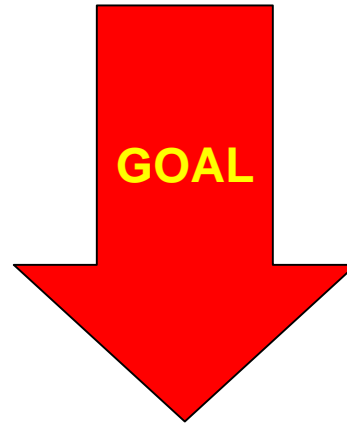


Smith & Wesson®



The Brand: Re-Inventing a Legacy

Inconsistent Message to a Limited Audience



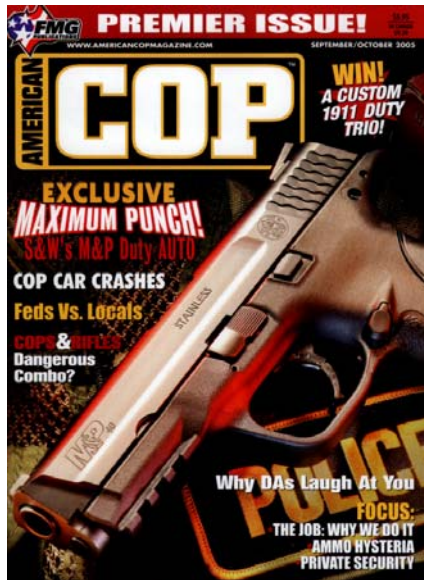
**“Loud” and Visible Brand With a
Consistent Message to a Diverse Audience**



Smith & Wesson®



Media Blitz



Selling Guns to the Gun-Shy

To Expand Customer Base, Makers of Firearms Stress Safety, Security and Size

By Mark Perry

When KACAD's chief Ryan Newman ran the fastest lap at the Texas Motor Speedway last year, a member of the Smith & Wesson family was well along in victory lane, armed with a marketing strategy: a 12-gauge shotgun aimed at Mr. Newman's lounge and named at \$10,000.

When grizzled gun dealers gathered for their big annual meeting, Shooting, America Trade Show in Las Vegas last January, they found themselves talking business with a worldly editor-in-chief: a reporter who plays and profits from the hunting world. (Landing: Experienced though not a trophy hunter, Newman, 47, is a member of the American Rifle Association.)

Experienced though not a trophy hunter, Newman, 47, is a member of the American Rifle Association. Newman, 47, is a member of the American Rifle Association. Newman, 47, is a member of the American Rifle Association.



The article is an example of media's impact on the gun industry. It is an example of media's impact on the gun industry. It is an example of media's impact on the gun industry.

**Wall Street Journal
Front Page – Marketplace Section
July 28, 2005**



**"I hike alone, I bike alone, I climb alone.
But with my Smith & Wesson, I'm never alone."**

You travel your own path. You are an adventurer. Your choice of protection... a Smith & Wesson LadySmith. Featuring small and medium frame revolvers and a compact frame pistol, these specifically designed handguns are made just for women.



Smith & Wesson
1-800-531-0852 www.smith-wesson.com
AMEX: SWB

- 36 magazine covers in 11 months
 - Unprecedented in industry
 - Outpacing all major competitors
 - M&P - 22 Editorial features issued or committed

- Visibility in core magazines, TV and radio as well as non-industry publications.
 - **Over 102 million total impressions.**



Marketing Initiatives

NASCAR



Customer Affinity Programs:



Smith & Wesson®



Operations / Manufacturing

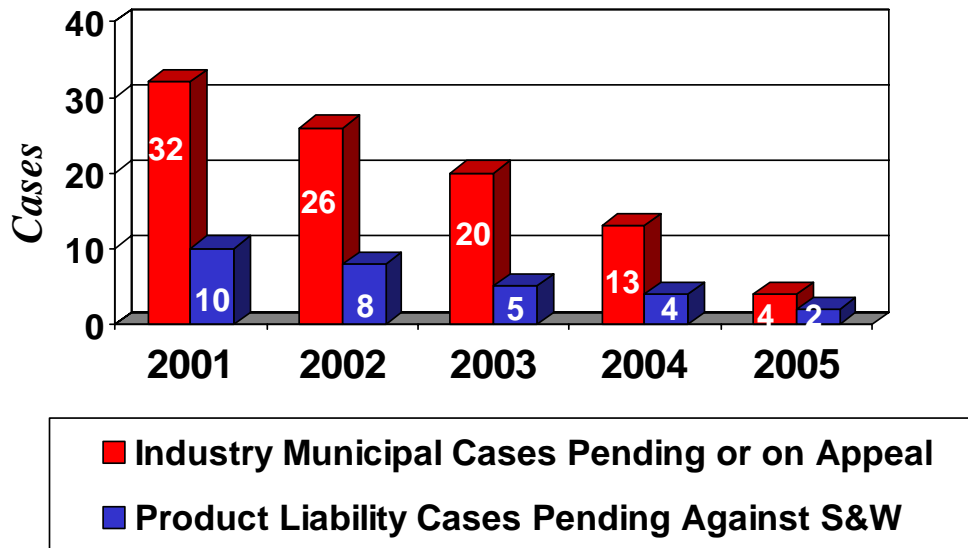
- **Strong Team Supporting:**
 - Pistol Process Line
 - New Product Development
- **Initial Focus: Stabilize Operations**
 - Repeatable & predictable machinery
 - Consistent Output
- **Current Focus:**
 - Implementing Smith & Wesson Operating System
 - Based on Toyota Production System
 - Problem-Solving Process Development
 - Standardize approach & deliver solutions faster
 - Upgrading Technology
 - New machining / Equipment re-furbishing



Smith & Wesson®



Legislative & Litigation Trends



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



Smith & Wesson®



Income Statement Summary

Year Ended April 30, 2005		
	2004	2005
Revenue	\$117.9	\$124.0
Gross Profit	\$39.1	\$40.9
Operating Income	\$4.8	\$11.2
Net Income	\$0.8	\$5.2
EPS	\$0.02	\$0.14

*In millions except for per share data



Smith & Wesson®



Income Statement Summary

Quarter Ended January 31, 2006		
	2005	2006
Revenue	\$31.1	\$38.6
Gross Profit	\$7.7	\$11.3
Operating Income	\$0.6	\$1.9
Net Income	(\$0.2)	\$1.1
EPS	----	\$0.03

*In millions except for per share data



Smith & Wesson[®]



Income Statement Summary

Nine Months Ended January 31, 2006		
	2005	2006
Revenue	\$88.0	\$106.0
Gross Profit	\$29.5	\$31.4
Operating Income	\$7.7	\$7.9
Net Income	\$3.4	\$4.5
EPS	\$0.09	\$0.11

*In millions except for per share data



Smith & Wesson[®]



Balance Sheet Summary

January 31, 2006	
Cash & Cash Equivalents	\$0.95
Accounts Receivable	\$19.2
Working Capital	\$20.7
Accounts Payable	\$9.1
Notes Payable	\$18.9
Equity	\$34.2
Total Shares Outstanding	39.2

*In Millions



Smith & Wesson®



Annual Guidance

	FY2007	FY2006 Guidance	FY2005 Actual
New Product Sales	\$172-\$180MM	+19-20%	\$124.0MM
Income	\$12.5	\$7.5-\$8.0MM	\$5.2MM*
Earnings per Fully Diluted Share:	\$0.30	\$0.19-\$0.20*	\$.14*

*Guidance takes into account expected adjustments to reflect the early adoption of Statement of Financial Accounting Standard No. 123(R), Share-Based Payment. That adoption is expected to result in approximately \$2.0 million in expense fiscal 2006 as compared to \$626 thousand in fiscal 2005. See full discussion in company's 10K filing.



Smith & Wesson®



Investment Highlights

- **Leadership Team in Place**
- **A New Market Approach...Safety, Security, Protection, Sport**
- **A Strong, Untapped Legacy Brand**
- **Innovative New Products**
- **Growth Opportunities in Core Business**
- **Diversification into New Markets**
- **Significant Productivity Enhancement Opportunities**
- **Positive Legislative and Litigation Trends**

AMEX: SWB

Shares Outstanding: 39,206,647

Price: \$5.30 (at 3/7/06) Market Cap: \$208MM



Smith & Wesson®



Smith & Wesson



Smith & Wesson®

