



James Debney, President & CEO

Jeffrey Buchanan, EVP & CFO

March, 2012



A Walther and Smith & Wesson® Strategic Alliance



Smith & Wesson®



THOMPSON/CENTER

Safe Harbor

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 but are not limited to statements regarding the Company's markets and strategies, the Company's vision and mission, the Company's new products and product development, the outcome of the divestiture of the Company's Security Solutions business, anticipated sales, gross profit margin, and operating expenses for the Company, the opportunity for growth of the Company, the demand for the Company's products and services, the Company's focus and objectives, and the Company's financial and operational goals for the current fiscal year and future periods. 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, the success of new products, the success of the planned divestiture of the Company's Security Solutions business, and other risks detailed from time to time in the Company's reports filed with the SEC.



Business Highlights

- U.S. Market Leader for Firearms: Handguns, Modern Sporting Rifles (MSR)
- 159 years of rich history
- Iconic brand with 93% aided awareness
 - Smith & Wesson® Brand = Revolver
- Innovative product portfolio serving broad user groups
 - Revolver, Polymer Pistol, Metal Pistol, Pocket Pistol, Bolt Action, Black Powder, Modern Sporting Rifle
- Diverse sales sources:
 - Consumer: Sporting Goods
 - Professional: International, Law Enforcement, Government, Military
- Healthy balance sheet
- Solid, experienced management team
- Strong strategic direction



Vision / Mission

Our Vision:

The leading firearms manufacturer

Our Mission:

To allow our employees to design, produce, and market high-quality, innovative firearms that meet the needs and desires of our consumer and professional customers



Focus, Simplify, Execute

Strategy - Focus on Firearms

- Sale of Security Solutions – Perimeter Security Business (formerly USR)
- U.S. Consumer - leverage professional markets
- Family of brands:
 - Smith & Wesson®
 - Walther®
 - Thompson/Center Arms™
 - M&P™
- M&P™ - Brand and product platform: Pistols and modern sporting rifles
- Operations: Consolidate and expand capacity – some production lines have reached record levels
- Deliver new products that meet needs of user groups



Experienced Leadership Team

James Debney, President & CEO

20+ years: multinational consumer and business-to-business environments including President of Presto Products Co., a \$500 million business unit of Alcoa Consumer Products

Jeffrey Buchanan, EVP & CFO

25+ years: private and public company experience in financial management and law: CFO for publicly traded, global manufacturing company, law firm partner, public company board member



Experienced Management Team

**Mario
Pasantes**

Sr. VP Marketing
and Global
Professional Sales

Alcoa, Inc.
Coca-Cola
Pillsbury

International
Market Development
Strong Global Brands
Strategy
Customer
Development

**Mark
Smith**

VP Manufacturing
and Supply Chain
Management

Alvarez & Marsal
Ecolab

Multi-Site Ops
Capacity Expansion
MPS/MRP Systems
S&OP Mgmt
Inventory Mgmt
Lean Six Sigma

**Robert
Cicero**

VP, General Counsel
and Chief
Compliance Officer

Chemtura Corp.
Shearman & Sterling
Morgan Lewis &
Bockius

Public Co Leadership
Corp Governance
Cross-border M&A
Global Compliance
Finance & Pensions
Labor & Employment

**Mike
Brown**

VP Sporting Goods
Sales

Camfour, Inc.
KPMG

Multiple Leadership
Roles in
Hunting & Shooting
Sports Industries
Sales Strategy
Team Development



Q3 FY12 Highlights (Jan 31, 2012)

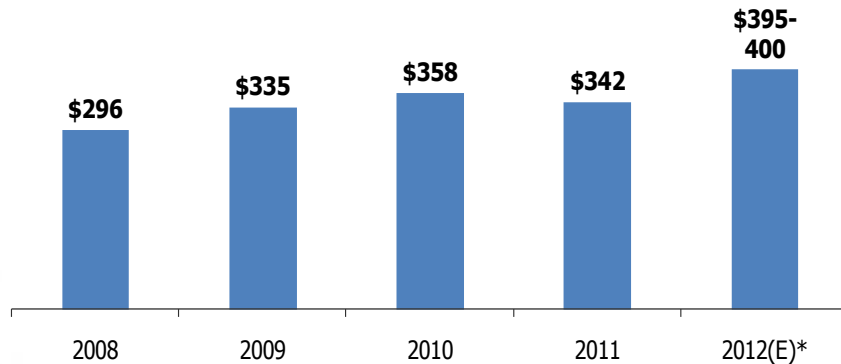
- Double digit sales growth, a leader in expanding key firearm categories
 - Total net sales +23.8% YOY
 - M&P polymer pistol unit sales +23.4% YOY
 - M&P modern sporting rifle unit sales +161.9% YOY
 - Overall unit growth +20.4% vs. market growth +20.0% (Adjusted NICS)
- Exceeded high end of sales guidance & raised FY12 full year revenue guidance
- Improved gross margins and delivered positive net income vs. year-ago
- Launched Dimension – innovative interchangeable bolt-action platform
- Launched two new modern sporting rifle models
- Began manufacturing new handgun for launch at NRA show in April
- Sold foundry business in New Hampshire; marketed real estate
- Continued to work on divesting Security Solutions business (Discontinued Ops)
- Completed Thompson/Center Arms consolidation (on time – on budget)
- Paid down \$30 million of debt without accessing line of credit



SWHC: Financial Highlights

(From Continuing Operations)

Fiscal Year April 30 Sales
(in Millions)



- Q3FY12 Actual:
 - Sales \$98.1M (+23.8%)
 - Backlog \$198.5M
 - Gross Profit Margin 30.6%
 - Op. Expense 20.1%
 - Working capital \$92.4M
 - Cash \$25.7M
- Q4FY12 Guidance:
 - Sales \$113.0M - \$118.0M
 - Gross Profit Margin 32.0% - 33.0%
 - Op. Expense Approx. \$22.0M (19.0%)
- Full Fiscal 2012 Guidance:
 - Sales \$395.0M - \$400.0M (15.0%+)
 - Gross Margins Approaching 30%
 - Op. Expense Approx. 21.0%

*FY2012 Estimate

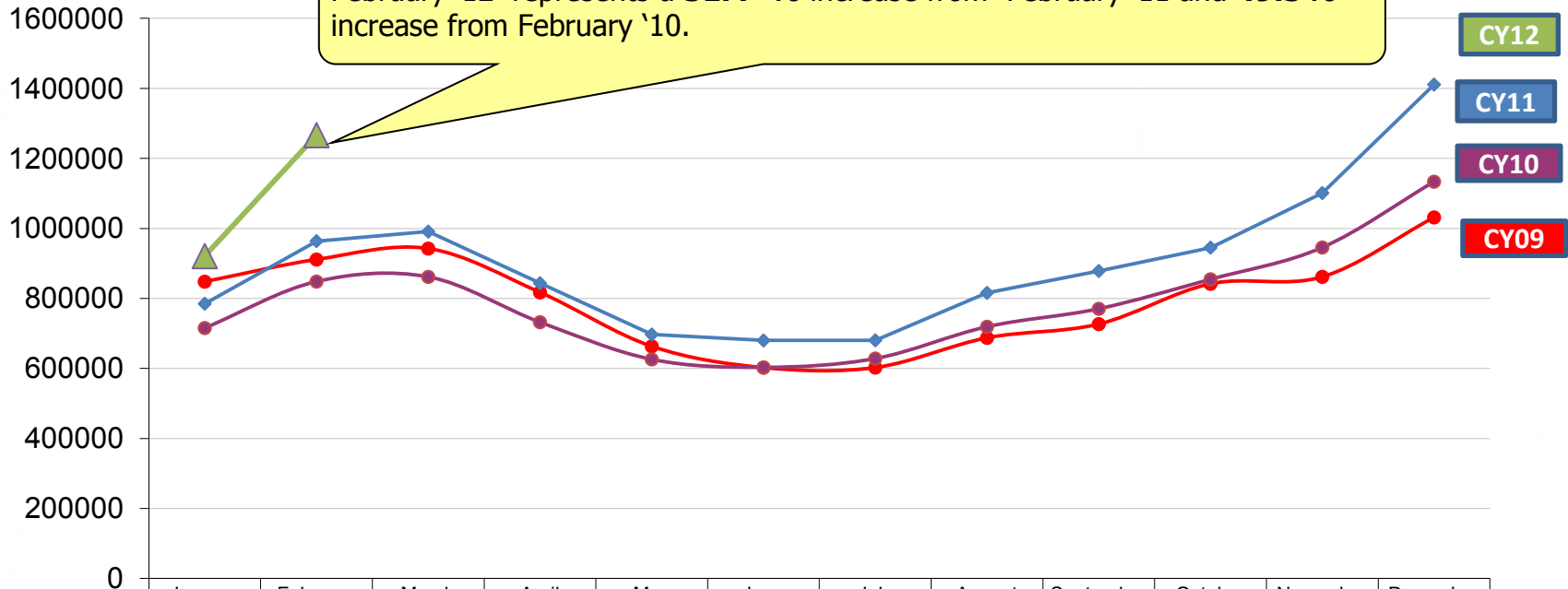
Note: All financial information and guidance reflects information that we provided on March 8, 2012. We are not updating this information to the present date nor does its inclusion constitute a reiteration or modification of this information.



NICS: Strength in Consumer Firearms Market

Adjusted NICS Checks

February '12 represents a **31.4 %** increase from February '11 and **49.3%** increase from February '10.



	January	February	March	April	May	June	July	August	September	October	November	December
—●— CY'09	847,808	911,043	942,288	817,118	662,956	602,191	602,353	687,252	726,572	841,631	861,575	1,031,344
—●— CY'10	715,309	848,036	861,408	731,955	625,763	602,908	628,125	718,971	770,310	854,563	945,463	1,133,371
—◆— CY'11	784,856	963,746	990,840	843,484	696,947	679,840	680,258	815,858	878,345	945,088	1,101,076	1,410,937
—▲— CY'12	920,840	1,266,344										

*National Shooting Sports Foundation (NSSF) adjusts FBI NICS data to eliminate background checks associated with permit applications and checks on active CCW permit databases, in order to provide a more accurate picture of market conditions.

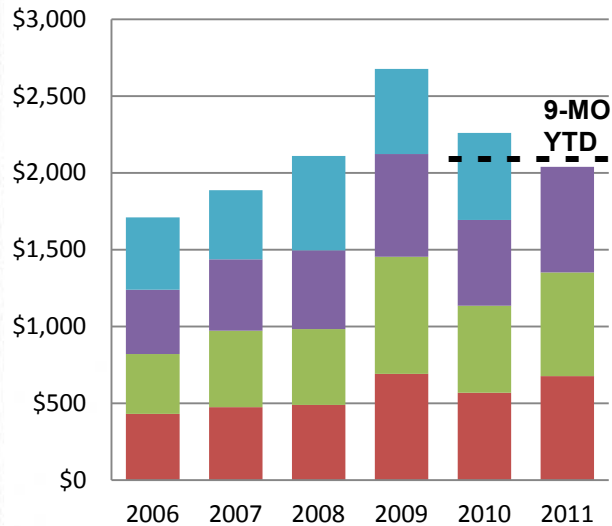


Strong Industry Sales Indications Through Q3 CY11

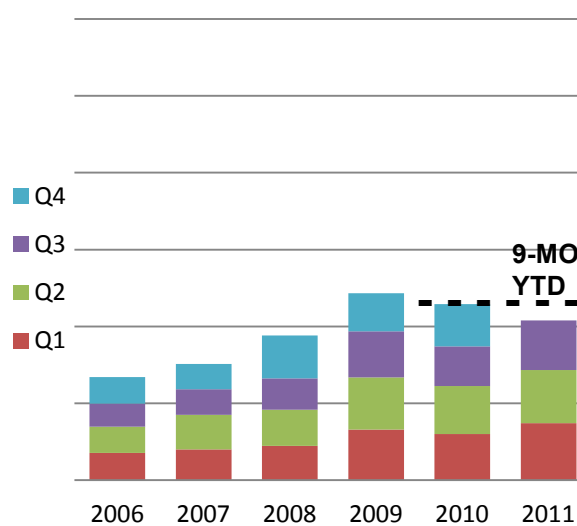
(in Millions)

- Wholesale projected sales based on excise tax collections.
- YTD Q3 2011 excise tax collections exceeded prior YTD Q3 2010.
- Category growth of over 30% in the past 5 years.

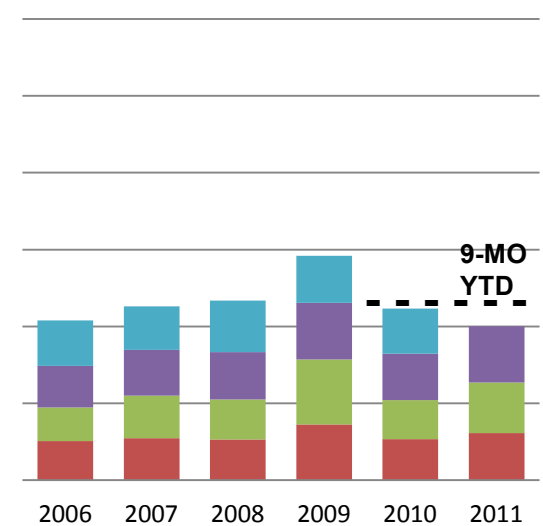
Total Handguns & Long Guns



Total Handguns



Total Long Guns



(Q4 Data Due Out May, 2012)

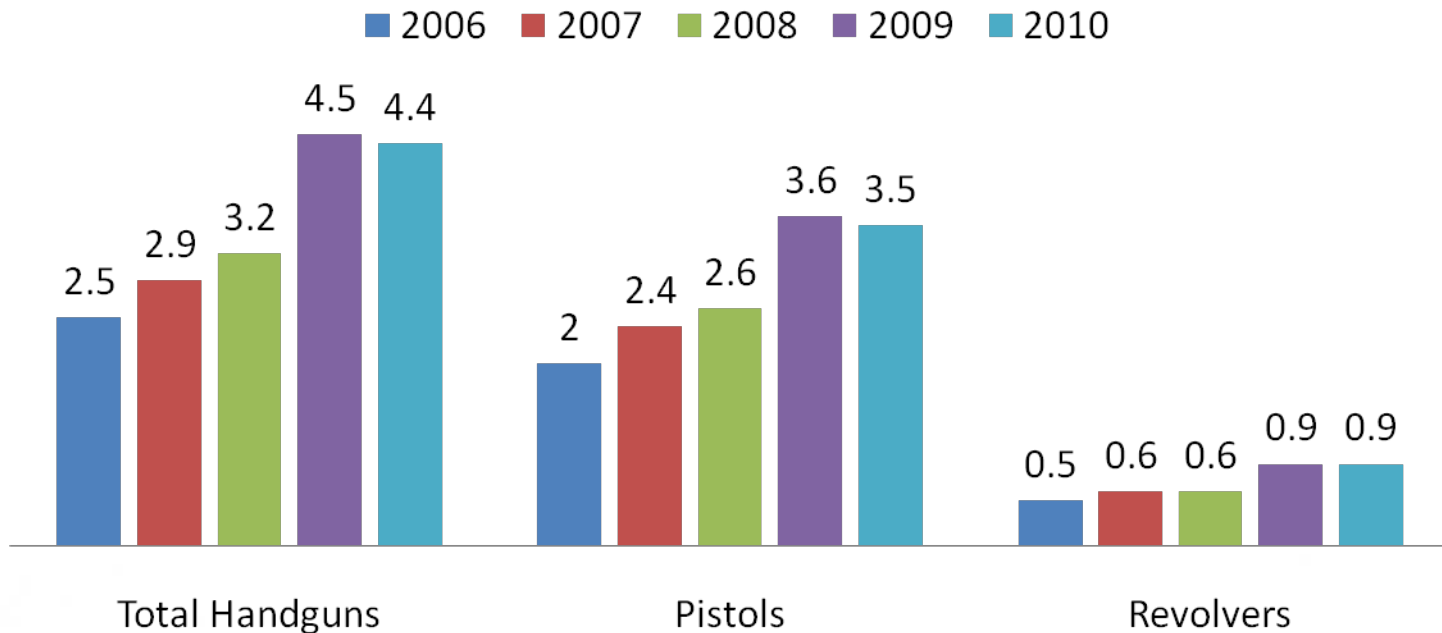
Source: Federal Excise Tax collections, Wholesale Value
 *Long guns include all rifles, shotguns and muzzle loaders



Industry: Pistols Driving Handgun Growth

U.S. handgun growth has been driven by pistols, which now represent 80% of units sold.

Estimated Handgun Unit Sales by Year (in Millions)



(2011 Data Due Out May, 2012)

Source: BATF annual firearms mfg and export report. USITC import data.



Industry: Pistols vs. Revolvers

Pistols & revolvers have different attributes, but pistols win on self-defense and have attracted younger consumers into the handgun market.

Pistol advantages versus revolvers:

- Capacity
- Rate of fire
- High tech/cutting edge
- Modern shape
- Trigger pull
- Safety features

Revolver advantages versus pistols:

- Slightly better for beginners
- Easy maintenance
- Reliability

Source: 12/10 Strategic Platform and Extendibility Study



SWHC Firearms Growth Drivers

■ Consumer Market – U.S.

- Focus on Concealed Carry, Personal Protection, Recreation
- Expand Market Share: Polymer Pistol Unit Growth (M&P™, BODYGUARD®, The Sigma Series®)
- Robust New Product Pipeline is Required
- Leverage Positive Halo Effect from Professional Markets

■ Professional Market

- Law Enforcement – ongoing sidearm and rifle replacements, upgrades
- Federal Government – agencies can purchase M&P Pistol on ATF Contract
- Military – M9 pistol replacement & M4 bolt carrier assembly opportunities
- International – large orders, e.g. Belgium



Major Focus: M&P™ Pistol Growth

Current Situation:

- Pistol category is 80% of handguns
- Compact and full-size polymer pistols are increasing in popularity
- M&P™ products well received by retail and consumer

Our Focus:

- Grow M&P™ Pistol market share:
 - Increased consumer advertising
 - Increasing capacity to satisfy growing orders
- Make it easier for dealers to support the M&P™ platform:
 - Strong merchandising and store programs
 - Armorer's Training and On-The-Hip Program



M&P - Proven Performance

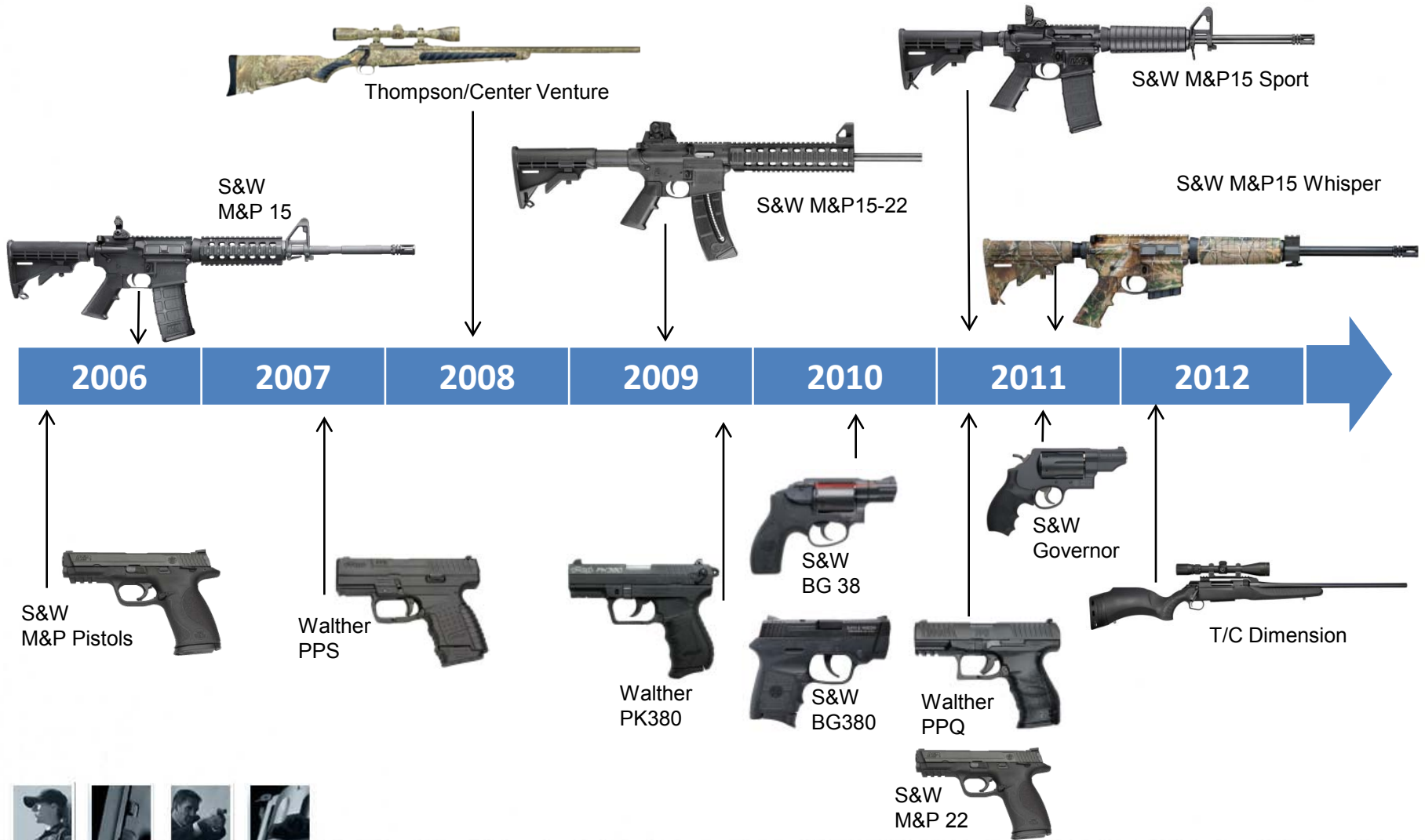


← Strong & Marketable Differences

M&P VS. COMPETITION		M&P	GLOCK® GEN4™	XD(M)™
	S, M, L Patented Palmwell Grips	✓ YES	✗ NO	✗ NO
	Ambidextrous Slide Stop	✓ YES	✗ NO	✗ NO
	Embedded Stainless Steel Chassis	✓ YES	✗ NO	✗ NO
	Ambidextrous Thumb Safety (Option)	✓ YES	✗ NO	✗ NO
	Country of Manufacture		 Austria	 Croatia



Demonstrated Track Record of New Products



New Models for the M&P™ Platform

- New and exciting entries for polymer pistol category
 - Concealed Carry and Personal Protection
 - Consumer and Professional
- Additional calibers and models for the M&P Modern Sporting Rifle platform:
 - Tactical
 - Hunting
- Will only announce new product introductions when ready – capable and right timing
 - Exciting new handgun ready for launch at NRA in April



Our Strategic Direction: Focus on Firearms

- ✓ Grow sales and increase profitability
- ✓ Expand manufacturing capacity intelligently
 - Focus on M&P pistol platform
- ✓ Optimize expenses on a company-wide basis
 - Focus on improving gross margins
- ✓ Maintain robust new product pipeline
 - Launch new products strategically
- ✓ Leverage existing product portfolio



Objective: Deliver Enhanced Stockholder Value



Financial Model: Goals

Guidance for Current FY

In One to Two Years

In Three to Five Years

Sales: 100%
CGS: 70%

Margin: 30%
Opex: 21%

Operating
Margin: 8%

Sales: 100%
CGS: 67%

Margin: 33%
Opex: 18%

Operating
Margin: 15%

Sales: 100%
CGS: 65%

Margin: 35%
Opex: 17%

Operating
Margin: 18%

Note: Current FY reflects information that we provided on March 8, 2012. We are not updating this information to the present date nor does its inclusion constitute a reiteration or modification of this information.





Question & Answers

For Investor Information contact Liz Sharp at lsharp@smith-wesson.com , (480) 949-9700



A Walther and Smith & Wesson Strategic Alliance



Smith & Wesson®



THOMPSON/CENTER