
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

November 30, 2007

Date of Report (Date of earliest event reported)

Smith & Wesson Holding Corporation

(Exact Name of Registrant as Specified in Charter)

Nevada

(State or Other
Jurisdiction of Incorporation)

001-31552

(Commission File Number)

87-0543688

(IRS Employer
Identification No.)

2100 Roosevelt Avenue
Springfield, Massachusetts
01104

(Address of Principal Executive Offices) (Zip Code)

(800) 331-0852

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

As described in Item 2.03, on November 30, 2007, we and certain of our direct and indirect subsidiaries entered into a credit agreement with certain lenders and Toronto Dominion (Texas) LLC, as administrative agent, to expand our existing credit facility. The disclosure provided in Item 2.03 of this Form 8-K is hereby incorporated by reference into this Item 1.01.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On November 30, 2007, we and certain of our direct and indirect Domestic Subsidiaries, Smith & Wesson Corp., Thompson/Center Arms Company, Inc., Thompson Center Holding Corporation, Fox Ridge Outfitters, Inc., Bear Lake Holdings, Inc., K.W. Thompson Tool Company, Inc., and O.L. Development, Inc., entered into a credit agreement (the "Credit Agreement") with certain lenders and Toronto Dominion (Texas) LLC, as administrative agent ("Toronto Dominion"), to expand our existing credit facility. Capitalized terms not otherwise defined herein will have the meanings set forth in the Credit Agreement. The Credit Agreement is filed herewith as Exhibit 10.57. The Credit Agreement provides for the following:

(1) An acquisition line of credit up to a maximum aggregate amount of \$70 million. The acquisition line of credit may be used only for the purpose of funding up to 90% of the purchase price of a Permitted Acquisition and bears interest at either the Base Rate Basis or LIBOR Basis for the Interest Period in effect for such borrowing. The acquisition line of credit matures on November 30, 2014.

(2) A revolving line of credit up to a maximum amount of \$40 million at any one time. The revolving line of credit bears interest at either the Base Rate Basis or LIBOR Basis for the Interest Period in effect for such borrowing. The revolving line of credit matures on November 30, 2012 or any earlier date on which the Revolving Commitment is reduced to zero or termination pursuant to the terms of the Credit Agreement.

(3) A commercial term loan in the maximum principal amount of \$7,834,899.73. The term loan bears interest at 6.3% per annum and has a maturity date of January 30, 2012. This commercial term loan is a refinancing of an existing commercial term loan.

(4) A real estate term loan in the maximum principal amount of \$5,468,500.50. The real estate term loan bears interest at 6.85% per annum and has a maturity date of January 30, 2015. This real estate term loan is a refinancing of an existing real estate term loan.

As security for the credit facility, Toronto Dominion has a first priority lien on all of our personal property and real estate assets and on all of the personal property and real estate assets of certain of our Domestic Subsidiaries, including a pledge of all of the capital stock of certain of our Domestic Subsidiaries and a pledge of intangible assets constituting intellectual property (including, without limitation, the "Smith & Wesson" trade name). The Obligations under the Credit Agreement are also guaranteed pursuant to guaranty agreements entered into by us and the Subsidiary Guarantors. The Pledge and Security Agreement, Copyright Security Agreement, Patent Security Agreement, Trademark Security Agreement, three mortgages, and four guaranty agreements are filed herewith as Exhibits 10.58, 10.59, 10.60, 10.61, 10.62, 10.63, 10.64, 10.65, 10.66, 10.67, and 10.68, respectively.

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The Credit Agreement contains customary limitations, including, without limitation, limitations on indebtedness; limitations on liens; limitations on fundamental changes to business or organizational structure; limitations on investments, loans, advances, guarantees, and acquisitions; limitations on asset sales; limitations on dividends, stock repurchases, stock redemptions, and the redemption or prepayment of other debt; and limitations on transactions with affiliates. We and certain of our Domestic Subsidiaries are also subject to financial covenants, including, without limitation, minimum consolidated fixed charge coverage ratios and maximum consolidated leverage ratios.

The Credit Agreement also contains customary events of default, including, without limitation, nonpayment of principal, interest, fees, or other amounts when due; violation of covenants; breaches of representations or warranties; cross defaults; change of control; dissolution; insolvency; bankruptcy events; and material judgments. Some of these events of default allow for grace periods or are qualified by materiality concepts. Upon the occurrence of an event of default, the outstanding obligations under the Credit Agreement may be accelerated and become due and payable immediately.

Item 9.01. Financial Statements and Exhibits.

- (a) *Financial Statements of Business Acquired.*
Not applicable.
- (b) *Pro Forma Financial Information.*
Not applicable.
- (c) *Shell Company Transactions.*
Not applicable.
- (d) *Exhibits.*

Exhibit Number	<u>Exhibits</u>
10.57	Credit Agreement, dated as of November 30, 2007, among Smith & Wesson Holding Corporation, Smith & Wesson Corp., and Thompson/Center Arms Company, Inc., as Borrowers, Toronto Dominion (Texas) LLC, as Administrative Agent, and the Lenders party thereto
10.58	Pledge and Security Agreement, dated as of November 30, 2007, by and among Smith & Wesson Holding Corporation, Smith & Wesson Corp., and Thompson/Center Arms Company, Inc., as Borrowers, and the Guarantors party thereto in favor of Toronto Dominion (Texas) LLC, as Administrative Agent

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<u>Exhibit Number</u>	<u>Exhibits</u>
10.59	Copyright Security Agreement, dated as of November 30, 2007, by Smith & Wesson Corp. and Thompson/Center Arms Company, Inc. in favor of Toronto Dominion (Texas) LLC, as Administrative Agent
10.60	Patent Security Agreement, dated as of November 30, 2007, by Smith & Wesson Corp., Thompson/Center Arms Company, Inc., and Bear Lake Holdings, Inc. in favor of Toronto Dominion (Texas) LLC, as Administrative Agent
10.61	Trademark Security Agreement, dated as of November 30, 2007, by Smith & Wesson Corp., Smith & Wesson Holding Corporation, Thompson/Center Arms Company, Inc., and Bear Lake Holdings, Inc. in favor of Toronto Dominion (Texas) LLC, as Administrative Agent
10.62	Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of November 30, 2007, between Smith & Wesson Corp. and Toronto Dominion (Texas) LLC, as Administrative Agent
10.63	Open-End Mortgage Deed, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of November 30, 2007, between Smith & Wesson Corp. and Toronto Dominion (Texas) LLC, as Administrative Agent
10.64	Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of November 30, 2007, between O.L. Development, Inc. and Toronto Dominion (Texas) LLC, as Administrative Agent
10.65	Subsidiary Guarantee, dated as of November 30, 2007, by and among each of the Guarantors party thereto and Toronto Dominion (Texas) LLC, as Administrative Agent
10.66	Operating Companies Guarantee, dated as of November 30, 2007, by and among Smith & Wesson Corp., Thompson/Center Arms Company, Inc., the other Guarantors party thereto, and Toronto Dominion (Texas) LLC, as Administrative Agent
10.67	Holdings/Thompson/Center Arms Guaranty, dated as of November 30, 2007, by and among Smith & Wesson Holding Corporation, Thompson/Center Arms Company, Inc., the other Guarantors party thereto, and Toronto Dominion (Texas) LLC, as Administrative Agent
10.68	Holdings/Smith & Wesson Corp. Guaranty, dated as of November 30, 2007, by and among Smith & Wesson Holding Corporation, Smith & Wesson Corp., the other Guarantors party thereto, and Toronto Dominion (Texas) LLC, as Administrative Agent

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SMITH & WESSON HOLDING CORPORATION

Date: December 6, 2007

By: /s/ John A. Kelly
John A. Kelly
Chief Financial Officer

EXHIBIT INDEX

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- 10.62 Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of November 30, 2007, between Smith & Wesson Corp. and Toronto Dominion (Texas) LLC, as Administrative Agent
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- 10.68 Holdings/Smith & Wesson Corp. Guaranty, dated as of November 30, 2007, by and among Smith & Wesson Holding Corporation, Smith & Wesson Corp., the other Guarantors party thereto, and Toronto Dominion (Texas) LLC, as Administrative Agent

CREDIT AGREEMENT

dated as of

November 30, 2007

among

SMITH & WESSON HOLDING CORPORATION,
SMITH & WESSON CORP.,

and

THOMPSON/CENTER ARMS COMPANY, INC.,
as Borrowers

and

The Lenders Party Hereto,

and

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

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EXHIBIT N	JOINDER AGREEMENT

CREDIT AGREEMENT dated as of November 30, 2007 (as it may be amended, restated or modified from time to time, this "Agreement"), by and among SMITH & WESSON HOLDING CORPORATION, a Nevada corporation ("Holdings"), SMITH & WESSON CORP., a Delaware corporation (the "S&W Corp."), THOMPSON/CENTER ARMS COMPANY, INC., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, individually, "Borrower" and, collectively, "Borrowers"), TORONTO DOMINION (TEXAS) LLC, a Delaware limited liability company, in its capacity as agent for itself and the other Lenders (in said capacity, the "Administrative Agent"), and each lender from time to time party hereto (collectively, the "Lenders", and individually, a "Lender").

The parties hereto hereby agree as follows:

A. S&W Corp., as borrower, and Holdings, as guarantor, entered into an Amended and Restated Loan and Security Agreement dated as of November 8, 2006 (the "Existing Credit Agreement") with TD Banknorth, N.A., as lender ("TD Banknorth"); and

B. Pursuant to the Existing Credit Agreement, TD Banknorth made loans and other financial accommodations to S&W Corp., including a Real Estate Loan, a Term Loan, a Revolving Loan and an Acquisition Loan (each as defined in the Existing Credit Agreement), and issued certain Letters of Credit (as defined in the Existing Credit Agreement) (collectively, the "Existing Obligations"); and

C. The Borrowers have requested the Lenders to refinance the Existing Obligations and to make certain additional loans and other financial accommodations to the Borrowers as more particularly described herein; and

D. The Lenders have agreed to refinance the Existing Obligations and to make certain additional loans and financial accommodations to the Borrowers as more particularly described herein and upon the terms and conditions set forth herein.

In consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Account" means all now owned or hereafter acquired or arising accounts, as defined in the UCC, including any rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

"Accountants" means BDO Seidman, LLP or other independent certified public accountants of nationally-recognized standing.

"Account Debtor" means any Person obligated on an Account.

“Acquisition” means any transaction, or any series of related transactions, consummated on or after the Effective Date, by which any Loan Party (a) acquires any going business or all or substantially all of the assets of any Person, whether through purchase of assets, merger or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the Equity Interests of a Person which has ordinary voting power for the election of directors or other similar management personnel of a Person (other than Equity Interests having such power only by reason of the happening of a contingency) or a majority of the outstanding Equity Interests of a Person.

“Acquisition Availability” means, at any time, an amount equal to (a) the Acquisition Loan Commitment, *minus* (b) the unpaid principal balance of the Acquisition Loans.

“Acquisition Borrowing(s)” means Acquisition Loans made on the same date and, in the case of LIBOR Loans, as to which a single Interest Period is in effect.

“Acquisition Certificate” means a certificate, signed and certified as accurate and complete by a Financial Officer of the Borrower Representative, in substantially the form of Exhibit A or another form which is acceptable to the Administrative Agent in its Permitted Discretion, that is to be delivered pursuant to Section 2.07(b)(i).

“Acquisition Line Notes” means those certain Acquisition Line of Credit Notes of even date herewith made by Holdings to the order of the Lenders in their respective Applicable Acquisition Loan Percentage in the aggregate principal amount of \$70,000,000, substantially in the form of Exhibit B, as the same may be amended, restated, extended, replaced or otherwise modified from time to time.

“Acquisition Loan” means a Loan made pursuant to Section 2.07 and evidenced by the Acquisition Line Notes.

“Acquisition Loan Availability Period” means the period from the Effective Date to, but not including, the earlier of November 30, 2009 and the date of termination of the Acquisition Loan Commitment.

“Acquisition Loan Commitment” means the commitment of the Lenders to make Acquisition Loans hereunder, as such commitment may be reduced from time to time pursuant to Section 2.16. The initial amount of the Lenders’ Acquisition Loan Commitment is \$70,000,000. Each Lender’s Acquisition Loan Commitment is set forth on Schedule 2.01 or in the Assignment Assumption to which such Lender becomes a party hereto, as applicable as such amount may be adjusted from time to time in accordance with this Agreement.

“Acquisition Loan Maturity Date” means November 30, 2014.

“Administrative Questionnaire” means the administrative questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Alternative Currency” means each of Euro, Yen and each other currency (other than Dollars) that is approved by the Administrative Agent and the LC Issuer.

“Applicable Acquisition Loan Percentage” means the initial Applicable Percentage of each Lender in respect of each Acquisition Loan as set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such percentage may be adjusted from time to time in accordance with the terms hereof.

“Applicable Margin” means

(a) (i) during the period commencing on the date hereof and ending on the date of delivery of the Compliance Certificate for the fiscal quarter ending January 31, 2008, the Applicable Margin for all Loans and unused line fees shall be set at Level 2 on the grid below, and (ii) at all times during each Interest Period thereafter the Applicable Margin as of any date of determination shall be determined based upon the Consolidated Leverage Ratio as of the Determination Date immediately preceding such date as indicated in the following table:

	Consolidated Leverage Ratio	Applicable Margin for Revolving Loan (per annum rates) for Base Rate Loans	Applicable Margin for Revolving Loan (per annum rates) for LIBOR Loans	Unused Revolver Fee	Applicable Margin for Acquisition Loan (per annum rate) for Base Rate Loans	Applicable Margin for Acquisition Loan (per annum rate) for LIBOR Loans	Unused Acquisition Loan Fee
Level 1	Greater than 3.00:1.00	0.50%	2.50%	0.75%	1.00%	3.00%	0.75%
Level 2	Greater than or equal to 2.50:1.00 but less than 3.00:1.00	0.00%	2.00%	0.50%	0.50%	2.50%	0.50%
Level 3	Greater than or equal to 2.00:1.00 but less than 2.50:1.00	0.00%	1.75%	0.50%	0.25%	2.25%	0.50%
Level 4	Greater than or equal to 1.50:1.00 but less than 2.00:1.00	0.00%	1.50%	0.25%	0.00%	2.00%	0.25%
Level 5	Less than 1.50:1.00	0.00%	1.25%	0.25%	0.00%	1.75%	0.25%

If any Compliance Certificate has not been delivered to the Administrative Agent within the time periods specified in Section 6.01(c), then until the Determination Date, the highest rate set forth above shall apply.

“Applicable Percentage” means the initial Applicable Percentage of each Lender in respect of each Loan as set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such percentage may be adjusted from time to time in accordance with the terms hereof.

“Applicable Revolving Loan Percentage” means the initial Applicable Percentage of each Lender in respect of each Revolving Loan as set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such percentage may be adjusted from time to time in accordance with the terms hereof.

“Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an Assignment and Assumption, substantially in the form of Exhibit C.

“Base Rate Loans” means Loans the rate of interest applicable as to which is the Base Rate.

“Base Rate” means, at any time, a fluctuating rate per annum equal to the higher of (a) the rate of interest quoted from time to time by the Administrative Agent as its “Base Rate” or “base rate” or (b) the sum of (i) the Federal Funds Rate plus (ii) one-half of one percent (1/2%). The Base Rate is not necessarily the lowest rate of interest charged by the Administrative Agent in connection with extensions of credit.

“Base Rate Basis” means a simple interest rate equal to the sum of (i) the Base Rate and (ii) the Applicable Margin applicable to Base Rate Loans. The Base Rate Basis shall be adjusted automatically as of the opening of business on the effective date of each change in the Base Rate to account for such change, and shall also be adjusted to reflect changes of the Applicable Margin applicable to Base Rate Loans.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower(s)” has the meaning assigned to such term in the preamble.

“Borrower Representative” has the meaning assigned to such term in Section 2.10.

“Borrowing(s)” means, individually or collectively as the context may require, a Term Borrowing, a Real Estate Borrowing, Revolving Borrowing(s) and/or Acquisition Borrowing(s).

“Borrowing Base” means, at any time, the sum of (a) 80% of Eligible Accounts at such time, *plus* (b) the lesser of (i) Twelve Million Dollars (\$12,000,000), or (ii) 60% of Eligible Inventory, valued at the lower of cost or market value, determined on a first-in-first-out basis, at such time. The Administrative Agent may, in its Permitted Discretion, reduce the advance rates set forth above or reduce one or more of the other elements used in computing the Borrowing Base.

“Borrowing Base Certificate” means a certificate, signed and certified as accurate and complete by a Financial Officer of the Borrower Representative, in substantially the form of Exhibit D or another form which is acceptable to the Administrative Agent in its Permitted Discretion.

“Borrowing Request” means a written request by the Borrower Representative for a Term Borrowing, a Real Estate Borrowing, a Revolving Borrowing or an Acquisition Borrowing in accordance with Section 2.11, which request shall be made in the form of Exhibit E.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to remain closed; provided that, when used in connection with a LIBOR Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

“Capital Expenditures” of any Person means, without duplication, any expenditure or commitment to expend money for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a balance sheet of such Person prepared in accordance with GAAP.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Cash Management Bank” means any Lender, SunTrust Bank, RBS Citizens, National Association and other financial institutions that, from time to time, enter into a Deposit Account Control Agreement.

“Cash Management Obligations” means any and all obligations of any Loan Party, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Cash Management Services.

“Cash Management Services” means any treasury management services provided to any Loan Party by any Lender or any of its Affiliates including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services.

“Change in Control” means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of any Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of any Borrower by Persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated; (c) the acquisition of direct or indirect Control of any Borrower by any Person or group other than Colton R. Melby and Mitchell A. Saltz; or (d) Holdings shall cease to own directly or indirectly, free and clear of all Liens or other encumbrances, at least 100% of the outstanding voting Equity Interests of S&W Corp. and Thompson Holding on a fully diluted basis; (e) Thompson Holding shall cease to own directly or indirectly, free and clear of all Liens or other encumbrances, at least 100% of the outstanding voting Equity Interests of TCAC on a fully diluted basis; or (f) Holdings shall cease to own, directly or indirectly, free and clear of all Liens or other encumbrances, at least 100% of the outstanding voting Equity Interests (on a fully diluted basis) of any Domestic Subsidiary whose acquisition or formation was financed with the proceeds of any Acquisition Loan.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by the Administrative Agent, any Lender, by any lending office of the Administrative Agent or any Lender or by the Administrative Agent’s or any Lender’s holding company, if any with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“Class” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are a Term Loan, a Real Estate Loan, Revolving Loans or Acquisition Loans.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” means any and all property owned, leased or operated by a Person covered by the Collateral Documents and any and all other property of any Loan Party, now existing or hereafter acquired, that may at any time be or become subject to a security interest or Lien in favor of the Administrative Agent, to secure the Obligations.

“Collateral Access Agreement” means any landlord waiver or other similar agreement between the Administrative Agent and any third party (including any bailee or consignee) in possession of any Collateral or any landlord of any Loan Party for any leased premises where any Collateral is located, as any such waiver or similar agreement may be amended, restated or otherwise modified from time to time.

“Collateral Documents” means, collectively, this Agreement, the Guaranty, the Security Agreement, the Mortgages, the Patent Security Agreement, the Trademark Security Agreement, the Copyright Security Agreement, the Hazardous Materials Indemnity Agreement, and any other documents now or hereafter executed and delivered to the Administrative Agent granting a Lien upon the Collateral as security for payment of the Obligations, as the same may be amended, restated or otherwise modified from time to time.

“Commitment(s)” means each and all of the Revolving Commitment, the Acquisition Loan Commitment, the Real Estate Loan Commitment and the Term Loan Commitment, as each such Commitment may be changed from time to time pursuant to this Agreement.

“Companies” means Holdings and each of its direct and indirect Subsidiaries, including, without limitation, S&W Corp. and TCAC.

“Compliance Certificate” means a certificate, signed and certified as accurate and complete by a Financial Officer of the Borrower Representative, in substantially the form of Exhibit F or another form which is acceptable to the Administrative Agent in its Permitted Discretion.

“consolidated” means the combined financial information and results of Holdings and all its Subsidiaries taken as a whole, after netting out intercompany accounts and transactions.

“consolidating” means the individual financial information and results of each of Holdings and its Subsidiaries taken on a stand alone basis before making any adjustments for intercompany accounts and transactions.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period *plus* (a) without duplication and to the extent deducted in determining Consolidated Net Income for such period, the sum of (i) Consolidated Interest Expense for such period, (ii) income tax expense (with a deduction in case of income tax benefit) for such period, (iii) all amounts attributable to depreciation and amortization expense for such period, (iv) any extraordinary charges for such period, (v) any non-cash charges for such period related to stock options and restricted stock granting, (vi) any other non-cash charges for such period (but excluding any non-cash charge in respect of an item that was included in Consolidated Net Income in a prior period), and (vii) any non-cash charges for such period set forth on Schedule 1.01 hereof, *minus* (b) without duplication and to the extent included in Consolidated Net Income, any extraordinary gains and any non-cash items of income for such period, all calculated for the Companies on a consolidated basis in accordance with GAAP.

Consolidated EBITDA shall be calculated on a Pro Forma Basis to give effect to Permitted Acquisitions and Asset Sales consummated at any time on or after the first day of the relevant Test Period as if each Permitted Acquisition had been effected on the first day of such period and as if each such Asset Sales had been consummated on the day prior to the first day of such period, provided, that such calculation of Consolidated EBITDA shall be subject to the Administrative Agent’s prior written approval of the pro forma calculations.

“Consolidated Fixed Charge Coverage Ratio” means the ratio, determined as of the end of each fiscal quarter of Holdings for the most-recently ended Test Period, of (a) Consolidated

EBITDA, plus Consolidated Rental Expense, minus the unfinanced portion of Capital Expenditures minus cash taxes paid, minus dividends and distributions paid in cash, to (b) Consolidated Fixed Charges, all calculated for the Companies on a consolidated basis in accordance with GAAP.

“Consolidated Fixed Charges” means, with reference to any period, without duplication, cash Consolidated Interest Expense for such period, plus Consolidated Rental Expense paid during such period, plus scheduled principal payments on Indebtedness made during such period, plus Capital Lease Obligation payments made during such period, all calculated for the Companies on a consolidated basis.

“Consolidated Interest Expense” means, with reference to any period, the interest expense (including that attributable to Capital Lease Obligations) of Holdings and its Subsidiaries for such period with respect to all outstanding Indebtedness of Holdings and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing and net costs under Swap Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP), calculated on a consolidated basis for Holdings and its Subsidiaries for such period in accordance with GAAP.

“Consolidated Leverage Ratio” means the ratio, determined as at the end of each fiscal quarter of Holdings, of (a) Total Funded Debt on such date to (b) Consolidated EBITDA for the Test Period ended on such date (or, if such date is not the last day of a fiscal quarter, ended on the last day of the fiscal quarter most recently ended prior to such date), provided that solely for purposes of Section 7.12, to the extent Holdings or any Subsidiary makes any acquisition permitted pursuant to Section 7.04 or disposition of assets outside the ordinary course of business that is permitted by Section 7.05 during the Test Period of Holdings most recently ended, the Consolidated Leverage Ratio shall be calculated after giving pro forma effect thereto (including pro forma adjustments arising out of events which are directly attributable to the acquisition or the disposition of assets, are factually supportable and are expected to have a continuing impact, in each case as determined on a Pro Forma Basis as certified by the Financial Officer of Holdings).

“Consolidated Net Income” means, for any period, the consolidated net income (or loss) of Holdings and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with Holdings or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary) in which Holdings or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by Holdings or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument, contract, indenture, mortgage, deed of trust or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Consolidated Rental Expense” means for any period, all obligations in respect of fixed, base and contingent rent paid or due by Holdings or any of its Subsidiaries, on a consolidated basis, during such period under any rental agreements or leases of real or personal property (other than Capital Lease Obligations).

“Conversion Date” means November 30, 2009.

“Conversion/Continuation Notice” means a written request by the Borrower Representative for a conversion or continuation of the interest rate on a Loan in accordance with Section 2.11, 2.12 and 2.13, which notice shall be in the form of Exhibit G.

“Copyright Security Agreement” means that certain Copyright Security Agreement of even date herewith executed by the Loan Parties for the benefit of the Administrative Agent, as the same may be amended, restated or otherwise modified from time to time.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender that (a) has failed to fund any portion of the Term Loans, Acquisition Loans, Real Estate Loan, Revolving Loans, or participations in LC Exposure required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute or (c) has been deemed insolvent or become the subject of a bankruptcy, insolvency or similar proceeding

“Deposit Account Control Agreement” means any control agreement, in form and substance satisfactory to the Administrative Agent, providing (i) that all items received or deposited in a deposit account on behalf of any Loan Party are pledged to the Administrative Agent that the bank in which such deposit account is maintained has no lien upon, or right to set off against, the deposit account, the items received for deposit therein or the funds from time to time on deposit therein and that such bank will wire, or otherwise transfer, in immediately available funds, on written instruction of the Administrative Agent, all collected funds to the primary depository account of the applicable Loan Party maintained with TD Banknorth, N.A. or (ii) such other substantially similar terms and conditions to which the Administrative Agent in its sole discretion may consent in writing.

“Determination Date” means the third (3rd) Business Day after the Administrative Agent’s receipt of each Compliance Certificate in accordance with the requirements of Section 6.01(c).

“Disclosed Matters” means the actions, suits and proceedings and the environmental matters disclosed in Schedule 5.07.

“Dollar” and “\$” mean lawful money of the United States.

“Dollar Equivalent” means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent or the LC Issuer, as the case may be, at such time on the basis of the Spot Rate for the purchase of Dollars with such Alternative Currency.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any political subdivision of the United States of America.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.01).

“Eligible Accounts” means, at any time, the Accounts of any Operating Company which the Administrative Agent determines in its Permitted Discretion are eligible as the basis for the extension of Revolving Loans and the issuance of Letters of Credit hereunder. Without limiting the Administrative Agent’s discretion provided herein, Eligible Accounts shall not include any Account:

(a) which is not subject to a first priority perfected security interest in favor of the Lender;

(b) which is subject to any Lien other than (i) a Lien in favor of the Administrative Agent and (ii) a Permitted Encumbrance which does not have priority over the Lien in favor of the Administrative Agent;

(c) with respect to which: such Account (i) except as provided in (c)(ii) below, is unpaid more than ninety (90) days after the date of the original invoice therefor, (ii) is unpaid more than thirty (30) days after the due date for such invoice if such invoice is subject to dating terms, or (iii) has been written off the books of any Operating Company or otherwise designated as uncollectible;

(d) which is owing by an Account Debtor for which more than 30% of the Accounts owing from such Account Debtor and its Affiliates are ineligible pursuant to clause (c) above;

(e) which is owing by an Account Debtor to the extent the aggregate amount of Accounts owing from such Account Debtor and its Affiliates to any Operating Company exceeds 15% of the aggregate Eligible Accounts;

(f) with respect to which any covenant, representation, or warranty contained in this Agreement has been breached or is not true;

(g) which (i) does not arise from the sale of goods or performance of services in the ordinary course of business, (ii) is not evidenced by an invoice or other documentation satisfactory to the Administrative Agent which has been sent to the Account Debtor, (iii) represents a progress billing, (iv) is contingent upon any Operating Company's completion of any further performance, (v) represents a sale on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment, cash-on-delivery or any other repurchase or return basis, or (vi) relates to payments of interest;

(h) for which the goods giving rise to such Account have not been shipped to the Account Debtor or for which the services giving rise to such Account have not been performed by any Operating Company or if such Account was invoiced more than once;

(i) with respect to which any check or other instrument of payment has been returned uncollected for any reason;

(j) which is owed by an Account Debtor which has (i) applied for, suffered, or consented to the appointment of any receiver, custodian, trustee, or liquidator of its assets, (ii) has had possession of all or a material part of its property taken by any receiver, custodian, trustee or liquidator, (iii) filed, or had filed against it, any request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as bankrupt, winding-up, or voluntary or involuntary case under any state or federal bankruptcy laws (other than post petition accounts payable of an Account Debtor that is a debtor in possession under the Bankruptcy Code and reasonably acceptable to the Administrative Agent), (iv) has admitted in writing its inability, or is generally unable to, pay its debts as they become due, (v) become insolvent, or (vi) ceased operation of its business;

(k) which is owed by any Account Debtor which has sold all or a substantially all of its assets;

(l) which is owed by an Account Debtor which (i) does not maintain its chief executive office in the U.S. or Canada or (ii) is not organized under applicable law of the U.S., any state of the U.S., Canada, or any province of Canada unless, in either case, such Account is backed by a Letter of Credit acceptable to the Administrative Agent which is in the possession of, has been assigned to and is directly drawable by the Administrative Agent;

(m) which is owed in any currency other than Dollars;

(n) which is owed by (i) the government (or any department, agency, public corporation, or instrumentality thereof) of any country other than the U.S. unless such Account is backed by a letter of credit acceptable to the Lender which is in the possession of the Lender, or (ii) the government of the U.S., or any department, agency, public corporation, or instrumentality thereof, unless the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq. and 41 U.S.C. § 15 et seq.), and any other steps necessary to perfect the Lien of the Administrative Agent in such Account have been complied with to the Administrative Agent's satisfaction;

(o) which is owed by any Affiliate, employee, officer, director, agent or stockholder of any Loan Party;

(p) which is owed by an Account Debtor or any Affiliate of such Account Debtor to which the Borrower is indebted, but only to the extent of such indebtedness or is subject to any security, deposit, progress payment, retainage or other similar advance made by or for the benefit of an Account Debtor, in each case to the extent thereof;

(q) which is subject to any counterclaim, deduction, defense, setoff or dispute, but only to the extent of any such counterclaim, deduction, defense, setoff or dispute;

(r) which is evidenced by any promissory note, chattel paper, or instrument;

(s) which is owed by an Account Debtor located in any jurisdiction which requires filing of a "Notice of Business Activities Report" or other similar report in order to permit the Borrower to seek judicial enforcement in such jurisdiction of payment of such Account, unless the Borrower has filed such report or qualified to do business in such jurisdiction;

(t) with respect to which any Operating Company has made any agreement with the Account Debtor for any reduction thereof, other than discounts and adjustments given in the ordinary course of business, or any Account which was partially paid and an Operating Company created a new receivable for the unpaid portion of such Account;

(u) which does not comply in all material respects with the requirements of all applicable laws and regulations, whether Federal, state or local, including without limitation the Federal Consumer Credit Protection Act, the Federal Truth in Lending Act and Regulation Z of the Board;

(v) which is for goods that have been sold under a purchase order or pursuant to the terms of a contract or other agreement or understanding (written or oral) that indicates or purports that any Person other than an Operating Company has or has had an ownership interest in such goods, or which indicates any party other than an Operating Company as payee or remittance party;

(w) which was created on cash on delivery terms; or

(x) which the Administrative Agent determines may not be paid by reason of the Account Debtor's inability to pay or which the Administrative Agent otherwise determines is unacceptable for any reason whatsoever.

In the event that an Account which was previously an Eligible Account ceases to be an Eligible Account hereunder, the Borrower Representative shall notify the Administrative Agent thereof on and at the time of submission to the Administrative Agent of the next Borrowing Base Certificate. In determining the amount of an Eligible Account, the face amount of an Account may, in the Administrative Agent's Permitted Discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance

charges or other allowances (including any amount that any Operating Company may be obligated to rebate to an Account Debtor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by any Operating Company to reduce the amount of such Account.

“Eligible Assignee” means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, (ii) in the case of any assignment of all or a portion of a Revolving Commitment, the LC Issuer, and (iii) unless an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, “Eligible Assignee” shall not include the Company or any of the Company’s Affiliates or Subsidiaries.

“Eligible Inventory” means each Operating Company’s (i) finished goods consisting of completed firearms and other finished goods that meet all standards imposed by any Governmental Authority having regulatory authority over such finished goods; (ii) finished parts consisting of receivers and frames, magazines, barrels, and other finished parts that meet all standards imposed by any Governmental Authority having regulatory authority over such finished parts; and (iii) raw materials created or acquired by such Operating Company which consists of steel bar stock, steel tubing and hardware or other raw materials or work-in-process which, in each case, are initially and at all times until sold: new and unused, in first-class condition, merchantable and saleable through normal trade channels; at a location which has been identified in writing to the Administrative Agent; subject to a perfected first priority Lien in favor of the Administrative Agent; owned by such Operating Company free and clear of any lien except in favor of the Administrative Agent; not obsolete; not scrap, waste, defective goods and the like; have been produced by such Operating Company in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders promulgated thereunder; not stored with or in the possession of a bailee, warehouseman, processor or similar party unless the Administrative Agent has given its prior written consent thereto and such Operating Company has caused each such bailee, warehouseman, processor or similar party to issue and deliver to the Administrative Agent warehouse receipts in the Administrative Agent’s name for such Inventory; and have not been designated by the Administrative Agent, in accordance with its normal credit policies and in its Permitted Discretion, as unacceptable for any reason by notice to the Borrower Representative.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) material violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d)

the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with any Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the thirty (30) day notice period is waived); (b) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by any Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“EUR” means the official currency of the European Monetary Union.

“Eurodollar Reserve Percentage” means with respect to any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect two Business Days prior to the beginning of such Interest Period, whether or not applicable to any Lender, under regulations issued from time to time by the Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as “Eurocurrency liabilities”).

“Event of Default” has the meaning assigned to such term in Article VIII.

“Excluded Taxes” means, with respect to the Administrative Agent or any Lender, or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the

United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of the Administrative Agent or any Lender, in which its applicable lending office is located and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which any Borrower is located.

“Existing Letters of Credit” means the following letters of credit issued by the LC Issuer for the account of S&W Corp., as the same may be extended, renewed or amended from time to time, as more specifically described below and based upon exchange rates in effect on the date hereof:

Type	LC Number	Date Issued	Beneficiary	Expiring Date	Undrawn Amount as of Effective Date
Standby	344564-0001	10/5/01	Banque Bruxelles Lambert S.A.	7/10/2008	EUR 16,113.08
Standby	344564-0002	10/5/01	Banque Bruxelles Lambert S.A.	7/10/2008	EUR 129,050.00
Standby	344564-0401	11/25/05	United Casualty and Surety Insurance Company	12/01/2007	US \$3,500,000.00
Standby	344564-0404	10/12/07	Arab Bank PLC, corresponding bank of G.H.Q. Jordan Armed Forces	2/23/2008	US \$14,405.00

“Existing Term Loan” means the Term Loan as defined in the Existing Credit Agreement.

“Existing Real Estate Loan” means the Real Estate Loan as defined in the Existing Credit Agreement.

“Federal Funds Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Federal Home Loan Bank Rate” means the fixed rate of interest set by the Federal Home Loan Bank of Boston, Massachusetts.

“Financial Officer” means each of the chief financial officer, principal accounting officer, treasurer or controller of the Loan Parties.

“fiscal quarter” means a three month period which commences on the day following the end of the prior fiscal quarter and which ends on any of January 31, April 30, July 31 or October 31.

“fiscal year” means a twelve month period of four consecutive fiscal quarters and which ends on April 30.

“Fixed Rate Loan” means each of the Term Loan and the Real Estate Loan.

“Foreign Exchange Obligations” means any and all obligations of any Loan Party to the Administrative Agent and/or any Lender (or any Affiliate of the Administrative Agent or any Affiliate of any Lender), whether absolute or contingent and howsoever and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with, or under, any foreign exchange contracts.

“Foreign Lender” means a Lender that is not a U.S. Person within the meaning of Section 7701(a)(30) of the Code.

“Foreign Subsidiary” means a Subsidiary other than a Domestic Subsidiary.

“Funding Account” means the principal operating account of the Borrower Representative with T.D. Banknorth, N.A. into which proceeds of the Loans are deposited pursuant to Section 2.12.

“Funding Office” means the office of the Administrative Agent located at 31 West 52nd Street, 19th Floor, New York, New York 10019, or such other office as Administrative Agent may specify from time to time as its funding office by written notice to the Borrower Representative.

“F/X Exposure” means in respect of any Person’s liability under one or more foreign exchange contracts with any Lender, that amount, as determined by such Lender from time to time in its Permitted Discretion, owing to such Lender by such Person on account of the Foreign Exchange Obligations.

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such

Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guaranty shall not include endorsements for collection or deposit in the ordinary course of business.

“Guaranty” means, as the context requires, each and all of the Subsidiary Guaranty, the Holdings/TCAC Guaranty, the Holdings/S&W Corp. Guaranty, and the Operating Companies Guaranty, each of even date herewith in favor of the Administrative Agent, as amended, restated or modified from time to time.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hazardous Materials Indemnity Agreement” means the Hazardous Materials Indemnity Agreement of even date herewith executed by the Loan Parties in favor of the Administrative Agent, and any other Person who becomes a party thereto pursuant to the joinder agreement attached thereto and their successors and assigns, as amended, restated or modified from time to time.

“Holdings” has the meaning assigned to it in the preamble.

“Holdings/S&W Corp. Guaranty” means the Guaranty made by Holdings and S&W Corp. in favor of the Administrative Agent on behalf of the Secured Parties, substantially in the form of Exhibit H-1.

“Holdings/TCAC Guaranty” means the Guaranty made by Holdings and TCAC in favor of the Administrative Agent on behalf of the Secured Parties, substantially in the form of Exhibit H-2.

“Honor Date” means the date on which any LC Disbursement is made.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has

been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (k) all obligations, contingent or otherwise, of such Person in respect of cash management services, (l) all obligations, contingent or otherwise, of such Person in respect of foreign exchange contracts, (m) obligations under any liquidated earn-out and (n) obligations of such Person to purchase securities or other property arising out of or in connection with the sale of the same or substantially similar securities or property or any other Off-Balance Sheet Liability. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Indemnitee” has the meaning assigned to such term in Section 10.04(b).

“Information” has the meaning assigned to such term in Section 10.07.

“Interest Payment Date” means (a) as to any Base Rate Loan, the last day of each month while such Loan is outstanding and the final maturity date of such Loan, (b) as to any LIBOR Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any LIBOR Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period and (d) as to any Loan, the date of any repayment or prepayment made in respect thereof.

“Interest Period” means with respect to any LIBOR Loan, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, or three (or six months with respect to Acquisition Loans only) thereafter, as the Borrower Representative may elect, provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a LIBOR Loan only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a LIBOR Loan that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Loan or Acquisition Loan, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Inventory” means goods, other than farm products, which: (a) are leased by a Person as lessor; (b) are held by a Person for sale or lease or to be furnished under a contract of service; (c) are furnished by a Person under a contract of service; or (d) consist of raw materials, work in process, or materials used or consumed in a business.

“Issuance Fee” has the meaning assigned to such term in Section 2.18(d).

“Joinder Agreement” has the meaning assigned to such term in Section 6.13.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

“LC Advance” means, with respect to each Revolving Credit Lender, such Lender’s funding of its participation in any LC Borrowing in accordance with its Applicable Revolving Loan Percentage.

“LC Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the Honor Date or refinanced as a Revolving Loan.

“LC Collateral Account” has the meaning assigned to such term in Section 2.09(h), and includes any such account established in the name of the Administrative Agent with TD Banknorth, N.A. to cash collateralize LC Exposure.

“LC Disbursement” means a payment made by the LC Issuer pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all (i) LC Disbursements that have not yet been reimbursed by or on behalf of any Borrower on the Honor Date, and (ii) all LC Borrowings. The determination of LC Exposure shall take into account the then current Dollar Equivalent amount of all Letters of Credit issued in Alternative Currencies.

“LC Issuer” means TD Banknorth, N.A. in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

“Lender” has the meaning assigned to such term in the introductory paragraph hereto, together with any Person that subsequently becomes a Lender by way of assignment in accordance with the terms of Section 10.06, together with their respective successors, other than any Person that ceases to be a Lender as a result of an assignment in accordance with Section 10.06 or an amendment of this agreement.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower Representative and the Administrative Agent.

“Letter of Credit” means any letter of credit issued pursuant to this Agreement, and any Existing Letter of Credit.

“Letter of Credit Availability Period” means the period from and including the Effective Date and ending on the sixth Business Day before the earlier of the Revolving Credit Maturity Date and the date of termination of the Revolving Commitment.

“Letter of Credit Documents” means collectively, the letter of credit application and any other related documents executed by an Operating Company in a form satisfactory to the LC Issuer in connection with each Letter of Credit, including, without limitation, the Existing Letters of Credit.

“Letter of Credit Fee” as defined in Section 2.18(c).

“Letter of Credit Sublimit” means an amount equal to the Dollar Equivalent of \$10,000,000.00. The Letter of Credit Sublimit is part of, and not in addition to, the Revolving Commitment.

“Liabilities” of any Person shall mean and include all obligations of such Person which in accordance with GAAP shall be classified on a balance sheet of such Person as liabilities of such Person, and in any event shall include all (i) obligations of such Person for borrowed money or which has been incurred in connection with the acquisition of property or assets, (ii) obligations secured by any Lien or other charge upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations, (iii) obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, notwithstanding the fact that the rights and remedies of the seller, lender, or lessor under such agreement in the event of default are limited to repossession or sale of property, (iv) obligations under guaranties, and (v) obligations under any capitalized lease.

“LIBOR” means, for any Interest Period, the rate appearing on the Telerate Service Page 3750 (or on any such other page as may replace the designated page on the Telerate Service or such other service as may be nominated by the British Bankers’ Association) as of 11:00 a.m. (London, England time) two (2) Business Days before the first day of such Interest Period as the rate for Dollar deposits, in an amount approximately equal to the principal amount of, and for a length of time approximately equal to the Interest Period for, the LIBOR Loan sought by the Borrower Representative.

“LIBOR Loan” means any Loan the rate of interest applicable to which is based on the LIBOR Basis.

“LIBOR Basis” means a simple per annum interest rate (rounded upward, if necessary, to the nearest one-hundredth (1/100th) of one percent (1%)) equal to the sum of (a) the quotient of (i) LIBOR divided by (ii) one (1) minus the Eurodollar Reserve Percentage, if any, stated as a decimal, plus (b) the Applicable Margin. The LIBOR Basis shall apply to Interest Periods of one (1), two (2), three (3) or six (6) months, and, once determined, shall remain unchanged during the applicable Interest Period, except for changes to reflect the adjustments in the Eurodollar Reserve Percentage and the Applicable Margin. The LIBOR Basis for any LIBOR Loan shall be adjusted as of the effective date of any change in the Eurodollar Reserve Percentage.

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Loan Documents” means collectively, (i) this Agreement, (ii) the Notes, (iii) the Letters of Credit, (iv) the Letter of Credit Documents, (v) the Collateral Documents, (vi) each Assignment and Assumption and (vii) any and all other agreements, instruments, certificates or reports executed by any Loan Party in connection with this Agreement, as amended from time to time, including any replacements therefor.

“Loan(s)” means any and all loans and advances made by the Lenders pursuant to this Agreement, including, without limitation, LC Disbursements, LC Borrowings, the Term Loan, the Real Estate Loan, the Revolving Loans and any Acquisition Loans.

“Loan Parties” means the Borrowers, their Domestic Subsidiaries, any other Person who becomes a party to this Agreement pursuant to a Joinder Agreement, and their respective successors and assigns.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Holdings and the Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its obligations under the Loan Documents to which it is a party, (c) a material portion of the Collateral, or the Administrative Agent’s Liens (on behalf of itself and the Lenders) on the Collateral or the priority of such Liens, or (d) the rights of or benefits available to the Administrative Agent and the Lenders thereunder.

“Material Agreement” means those agreements described on Schedule 5.14.

“Material Indebtedness” means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of Holdings or its Subsidiaries in an aggregate principal amount exceeding \$1,000,000. For purposes of determining Material Indebtedness, the “obligations” of Holdings or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that Holdings or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

“Maximum Rate” has the meaning assigned to such term in Section 10.09.

“Mortgages” means (i) those mortgages granted on the date hereof in favor of the Administrative Agent with respect to the Mortgage Premises, and (ii) any mortgage, deed of trust or other agreement which conveys or evidences a Lien in favor of the Administrative Agent to secure the Obligations, on real property of a Loan Party, including any amendment, modification or supplement thereto.

“Mortgaged Premises” means the parcels of land with improvements thereon located at 2100 Roosevelt Avenue, Springfield, Massachusetts 01104; 299 Page Boulevard, Springfield,

Massachusetts 01104; 19 Aviation Drive, Houlton, Maine 04730, and 400 North Main Street, Rochester, New Hampshire.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Proceeds” means, with respect to any event, (a) the cash proceeds received in respect of such event including, without limitation (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all taxes paid (or reasonably estimated to be payable) and the amount of any reserves established to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer).

“Note(s)” means any and all of (i) the Revolving Line of Credit Notes; (ii) the Term Note; (iii) the Real Estate Term Note; (iv) the Acquisition Line Notes.

“Obligations” means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all Cash Management Obligations, all Swap Obligations, all Foreign Exchange Obligations, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Loan Parties arising under the Loan Documents to the Administrative Agent, the Lenders, any indemnified party, any holder of Cash Management Obligations, any holder of Swap Obligations, including, without limitation, any Foreign Exchange Obligations.

“Off-Balance Sheet Liability” of a Person means (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any indebtedness, liability or obligation under any sale and leaseback transaction which is not a Capital Lease Obligation, (c) any indebtedness, liability or obligation under any so-called “synthetic lease” transaction entered into by such Person, or (d) any indebtedness, liability or obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person (other than operating leases).

“Operating Companies Guaranty” means the Guaranty made by each Operating Company in favor of the Administrative Agent on behalf of the Secured Parties, substantially in the form of Exhibit I and each other guaranty and guaranty supplement delivered pursuant to Section 6.13.

“Operating Company” means S&W Corp., TCAC and/or any other Loan Party now or hereafter designated by the Administrative Agent as an Operating Company.

“Organization Documents” means (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Participant” has the meaning set forth in Section 10.06(d).

“Patent Security Agreement” means that certain Patent Security Agreement of even date herewith executed by the Loan Parties for the benefit of the Administrative Agent, as the same may be amended, restated or otherwise modified from time to time.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Perfection Certificate” means that certain Perfection Certificate of even date herewith substantially in the form of Exhibit 7 to the Security Agreement delivered to the Administrative Agent by the Loan Parties, as may have been amended or updated from time to time.

“Permitted Acquisition” means any Acquisition by Holdings or any Subsidiary in a transaction that satisfies each of the following requirements:

(a) such Acquisition is not a hostile or contested acquisition;

(b) the business acquired in connection with such Acquisition is reasonably related in operations to the Companies’ businesses immediately prior to the proposed Acquisition, including gun manufacturing;

(c) receipt by the Administrative Agent of an officer’s certificate of the Borrower Representative certifying that both before and after giving effect to such Acquisition and the Acquisition Borrowing (if any) requested to be made in connection therewith, each of the representations and warranties in the Loan Documents is true and correct (except (i) any such representation or warranty which relates to a specified prior date and (ii) to the extent the Administrative Agent has been notified in writing by the Borrower Representative that any representation or warranty is not correct and the Administrative Agent has explicitly waived in

writing compliance with such representation or warranty) and no Default or Event of Default exists, will exist, or would result therefrom;

(d) as soon as available, but not less than twenty (20) days prior to the closing date of such Acquisition, the Borrower Representative shall have provided the Administrative Agent (i) notice of such Acquisition, specifying the purchase price and closing date, together with a general description of the acquisition target's business, (ii) copies of all business and financial information reasonably requested by the Administrative Agent, from time to time, including financial statements of the Companies on a Pro Forma Basis reflecting the financial impact of the Acquisition, (iii) drafts of any purchase and sale agreement, together with any available schedules and exhibits, (iv) if available, at least three (3) years of audited financial statements with respect to the acquisition target (or, if the acquisition target is a start-up company, any available financial statements of such acquisition target plus stand-alone projections for such acquisition target), and (v) evidence satisfactory to the Administrative Agent in its Permitted Discretion that the acquisition of the acquisition target will be non-dilutive, will produce accretive EBITDA on a post-acquisition basis by the end of year two and will be highly complimentary of Borrowers' operations;

(e) upon execution, and not later than 11:00 a.m. New York time on the date of any requested Acquisition Borrowing, the Borrower shall have delivered to the Administrative Agent copies of fully executed counterparts of the purchase agreement for such Acquisition, together with all schedules and exhibits thereto;

(f) if the Accounts and Inventory acquired in connection with such Acquisition are proposed to be included in the determination of the Borrowing Base, the Administrative Agent, at its option, shall have conducted an audit and field examination of such Accounts and Inventory to its satisfaction;

(g) if such Acquisition or series of related Acquisitions with the same seller within a one year period involves a total purchase price of \$30,000,000 or more in the aggregate, and involves the acquisition of a non-gun manufacturing business, or in the case where a Borrower will not own one hundred percent (100%) of the acquisition target, the Borrowers shall have obtained the prior written approval of the Required Lenders, not to be unreasonably withheld;

(h) if such Acquisition is an acquisition of the Equity Interests of a Person, the Acquisition is structured so that the acquired Person shall become a wholly-owned Subsidiary of Holdings, and may become a Loan Party pursuant to the terms of this Agreement if such Subsidiary is a Domestic Subsidiary of a Borrower;

(i) if such Acquisition is an acquisition of assets, the Acquisition is structured so that a Borrower or a Subsidiary shall acquire such assets;

(j) if such Acquisition is an acquisition of Equity Interests, such Acquisition will not result in any violation of Regulations T, U or X;

(k) if such Acquisition involves a regulated business, such as firearm manufacturing, the Borrower Representative has provided evidence reasonably satisfactory to the

Administrative Agent that acquisition target is compliant with all applicable regulations and has all licenses, permits and governmental approvals necessary to operate its business and that the acquiring Loan Party has obtained the necessary consents to the transfer of such licenses, permits and governmental approvals;

(l) no Loan Party shall, as a result of or in connection with any such Acquisition, assume or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation, or other matters) that could have a Material Adverse Effect;

(m) in connection with an Acquisition of the Equity Interests of any Person, all Liens on property of such Person shall be terminated unless the Administrative Agent in its Permitted Discretion consents otherwise, and in connection with an Acquisition of the assets of any Person, all Liens on such assets shall be terminated;

(n) the Financial Officer of Holdings shall certify (and provide the Administrative Agent with a *pro forma* calculation in form and substance reasonably satisfactory to the Administrative Agent) to the Administrative Agent that, immediately after giving effect to the completion of such Acquisition: (i) on a consolidated basis, the Companies will be in compliance with all financial covenants set forth in Section 7.12 hereof, and (ii) within two years after the Acquisition, the projected Consolidated EBITDA of the Companies, after giving effect to the proposed Acquisition, will be greater than the projected Consolidated EBITDA of the Companies without such Acquisition on a going forward basis; and

(o) the Administrative Agent and the Required Lenders shall have completed their due diligence of the acquisition target and the proposed acquisition to their reasonable satisfaction.

“Permitted Discretion” means a determination made in good faith and in the exercise of reasonable (from the perspective of prudent banking practices) business judgment.

“Permitted Encumbrances” means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.10;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 5.06;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under Section 8.01(k); and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within two hundred seventy (270) days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one hundred eighty (180) days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least \$5,000,000,000; and

(f) Permitted Acquisitions.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

“Prepayment Event” means:

(a) any sale, transfer or other disposition (including pursuant to a sale and leaseback transaction) of any property or asset of any Loan Party in excess of an aggregate amount of \$1,000,000 during each fiscal year of Holdings, other than dispositions described in Section 7.05(a); or

(b) subject to Section 2.17(c), any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any Loan Party; or

(c) the issuance by any Borrower of any Equity Interests, or the receipt by any Borrower of any capital contribution, other than any issuance by any Borrower of common Equity Interests to, or receipt of any such capital contribution from, Holdings; or

(d) the incurrence by any Loan Party of any Indebtedness, other than (i) Indebtedness permitted under Section 7.01 and (ii) leases that do not exceed \$2,000,000 in the aggregate.

“Prepayment Fee” has the meaning assigned to such term in Section 3.03(c).

“Pro Forma Basis” means on a pro forma basis with such adjustments as would be permitted to be reflected in pro forma financial information complying with the requirements of GAAP and Article XI of Regulation S-X under the Securities Act.

“Projections” has the meaning assigned to such term in Section 6.01(e).

“Real Estate Loan Commitment” means the commitment of TD Banknorth, N.A. to make the Real Estate Loan of up to a maximum principal amount of \$5,468,500.50.

“Real Estate Loan” means the Real Estate Loan made by TD Banknorth, N.A. to S&W Corp. in a single advance.

“Real Estate Loan Maturity Date” means January 30, 2015.

“Real Estate Term Note” means that certain Real Estate Term Promissory Note of even date herewith made by S&W Corp. to the order of TD Banknorth, N.A. in the aggregate principal amount of the Real Estate Loan Commitment, substantially in the form of Exhibit J, as the same may have been and may be amended, restated, extended, replaced or otherwise modified from time to time.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Report” means reports prepared by the Administrative Agent or another Person showing the results of appraisals, field examinations or audits pertaining to the Loan Parties’ assets from

information furnished by or on behalf of the Loan Parties, after the Administrative Agent has exercised its rights of inspection pursuant to this Agreement.

“Required Lenders” means, as of any date of determination, at least three Lenders holding more than 50% of all Commitments or, if the commitment of each Lender to make Loans and the obligation of the LC Issuer to issue Letters of Credit have been terminated hereunder, at least three Lenders holding in the aggregate more than 50% of all outstanding Loans and LC Exposure; provided that the Commitments of, and the portion of all outstanding Loans and LC Exposure held by any Defaulting Lender shall be excluded for the purposes of making a determination of Required Lenders. If there are three Lenders or less, Required Lenders shall mean all Lenders (other than Defaulting Lenders).

“Requirement of Law” means as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Reserves” means any and all reserves which the Administrative Agent deems necessary, in its Permitted Discretion, to maintain (including, without limitation, reserves for accrued and unpaid interest on the Obligations, reserves for rent at locations leased by any Loan Party and for consignee’s, warehousemen’s and bailee’s charges, reserves for dilution of Accounts, reserves for Inventory shrinkage, reserves for customs charges and shipping charges related to any Inventory in transit, reserves for contingent liabilities of any Loan Party, reserves for uninsured losses of any Loan Party, reserves for uninsured, underinsured, unindemnified or under indemnified liabilities or potential liabilities with respect to any litigation and reserves for taxes, fees, assessments, and other governmental charges) with respect to the Collateral or any Loan Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests of the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests of a Borrower or any Subsidiary or any option, warrant or other right to acquire any such Equity Interests of the Borrower or any Subsidiary.

“Revolving Availability” means, at any time, an amount equal to (a) the lesser of the Revolving Commitment and the Borrowing Base minus (b) the Revolving Exposure.

“Revolving Borrowing(s)” means Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of LIBOR Loans, as to which a single Interest Period is in effect.

“Revolving Commitment” means the commitment of the Lenders to make Revolving Loans and the LC Issuer to issue Letters of Credit hereunder, as such commitment may be reduced from time to time pursuant to Section 2.16. The initial amount of the Lenders’ Revolving Commitment is \$40,000,000. Each Lender’s Revolving Commitment is set forth on

Schedule 2.01 or in the Assignment Assumption to which such Lender becomes a party hereto, as applicable as such amount may be adjusted from time to time in accordance with this Agreement.

“Revolving Credit Lender” means, at any time, any Lender that has a Revolving Commitment at such time.

“Revolving Exposure” means, at any time, the sum of (x) the outstanding principal amount of Revolving Loans, (y) LC Exposure, and (z) the Reserves at such time.

“Revolving Line Notes” means those certain Revolving Line of Credit Notes of even date herewith made by the Borrowers to the order of the Lenders in their respective Applicable Revolving Loan Percentage in the original aggregate principal amount of \$40,000,000, as amended and restated as of the date hereof, substantially in the form of Exhibit K, as the same may be amended, restated, extended, replaced or otherwise modified from time to time.

“Revolving Loan” means a Loan made pursuant to Section 2.05 and evidenced by the Revolving Line Notes.

“Revolving Loan Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Revolving Commitment.

“Revolving Maturity Date” means November 30, 2012 or any earlier date on which the Revolving Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc.

“S&W Corp.” has the meaning assigned to it in the preamble.

“Securities Act” means the Securities Act of 1933

“Security Agreement” means the Pledge and Security Agreement of even date herewith made by the Loan Parties in favor of the Administrative Agent, as amended, restated or modified from time to time.

“Secured Parties” means, collectively, the Administrative Agent, the Lenders, the LC Issuer, the Persons holding the Cash Management Obligations, the Persons holding the Swap Obligations, the Persons holding the Foreign Exchange Obligations, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05, and the other Persons the Obligations to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents.

“Spot Rate” has the meaning assigned to it in Section 1.05.

“Subsidiary” means, of a Person, a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests

having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned by such Person or any other Person which is or is required to be consolidated with such Person in the consolidated financial statements of such Person in accordance with GAAP. Unless the context otherwise requires, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of Holdings.

“Subsidiary Guarantors” means, collectively, each existing and future direct and indirect Domestic Subsidiary of the Borrowers other than any Operating Company, Smith & Wesson, Inc. and Smith & Wesson Distributing Inc.

“Subsidiary Guaranty” means, collectively, the Guaranty made by the Subsidiary Guarantors in favor of the Administrative Agent on behalf of the Secured Parties, substantially in the form of Exhibit L and each other guaranty and guaranty supplement delivered pursuant to Section 6.13.

“Swap Agreement” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement; provided, that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of any Borrower or any Subsidiaries shall be deemed a Swap Agreement.

“Swap Obligations” means any and all obligations of any Loan Party to any Lender or any Affiliate of any Lender, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Swap Agreements, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction.

“Swap Termination Value” means in respect of any Loan Party’s liability to any Lender or any Affiliate of any Lender under one or more Swap Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, (a) for any date on or after the date such Swap Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s) that would be payable by such Person thereunder and (b) for any date prior to the date referenced in clause (a), the

amount(s) determined as the mark-to-market values for such Swap Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Agreements (which may include a Lender or any Affiliate of a Lender).

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“TCAC” has the meaning assigned to it in the preamble.

“TD Banknorth, N.A.” means TD Banknorth, N.A., a national banking association and a Lender.

“Term Borrowing” means the Term Loan made by TD Banknorth, N.A. to S&W Corp. in a single advance.

“Term Loan” means the Loan made by TD Banknorth, N.A. to S&W Corp., and evidenced by the Term Note.

“Term Loan Commitment” means the commitment of TD Banknorth, N.A. to make the Term Loan of up to a maximum principal amount of \$7,834,899.73.

“Term Loan Maturity Date” means January 30, 2012.

“Term Note” means that certain Commercial Term Promissory Note of even date herewith made by S&W Corp. to the order of TD Banknorth, N.A. in the aggregate principal amount of the Term Loan Commitment, substantially in the form of Exhibit M, as the same may have been and may be amended, restated, extended, replaced or otherwise modified from time to time.

“Test Period” means, at any time, the four consecutive fiscal quarters of the Borrowers then last ended (in each case taken as one accounting period).

“Thompson Holding” means Thompson Center Holding Corporation, a Delaware corporation.

“Title Company” means any title insurance company as shall be retained by the Borrowers and reasonably acceptable to the Administrative Agent.

“Title Policy” means with respect to each Mortgage, a policy of title insurance (or pro forma or marked-up title insurance commitment having the effect of a policy of title insurance) insuring the Lien of such Mortgage as a valid first mortgage Lien on the Mortgaged Property and fixtures described therein subject to Permitted Encumbrances in the amount equal to not less than 100% of the fair market value of such Mortgaged Property and fixtures, which fair market value shall be determined by the Administrative Agent and the Borrowers in their reasonable judgment and which policy (or such pro forma or marked-up commitment) shall (A) be issued by the Title Company, (B) to the extent necessary, include such reinsurance arrangements as shall be reasonably acceptable to the Administrative Agent and approved by the Borrowers, (C) have

been supplemented by such endorsements (unless endorsements are not available or are prohibitively expensive) as shall be reasonably requested by the Administrative Agent, and (D) evidence reasonably acceptable to the Administrative Agent of payment by the Borrowers of all Title Policy premiums, search and examination charges, escrow charges and related charges, mortgage recording taxes, fees, charges, costs and expenses required for the recording of the Mortgages and issuance of the Title Policies referred to herein.

“Toronto Dominion” means Toronto Dominion (Texas) LLC, a Delaware limited liability company.

“Total Funded Debt” means, at any date, without duplication, the aggregate principal amount of all Indebtedness of the Companies at such date (excluding undrawn amount of Letters of Credit, Foreign Exchange Obligations, other Swap Obligations and Cash Management Obligations), determined on a consolidated basis in accordance with GAAP, provided, however, for purposes of calculating the financial covenants set forth in Section 7.12, any Guarantee and Off-Balance Sheet Liability shall be deemed to be fully funded. In the case of any Guarantee, the amount deemed fully funded shall be the greater of (x) the amount then due on the Guarantee, or (y) the maximum principal amount of the indebtedness then subject to such Guarantee. In the case of any Off-Balance Sheet Liability, the amount deemed fully funded shall be the amount that would be due if such Off-Balance Sheet Liability was due on the date of determination.

“Total Percentage” means, with respect to any Lender, a percentage equal to a fraction the numerator of which is the aggregate amount of such Lender’s Commitments under the Credit Agreement and the denominator of which is the aggregate amount of all Commitments of all Lenders. If the Commitments have terminated or expired, the Total Percentage shall be determined based upon such Lender’s percentage share of the aggregate unpaid principal amount of all Loans on any date of determination.

“Trademark Security Agreement” means that certain Trademark Security Agreement of even date herewith executed by the Loan Parties for the benefit of Administrative Agent, as the same may be amended, restated or otherwise modified from time to time.

“Transactions” means the execution, delivery and performance by the Borrowers of this Agreement, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

“Type” when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBOR Basis or the Base Rate.

“UCC” or “Uniform Commercial Code” means unless otherwise specified, the Uniform Commercial Code as in effect in the State of New York on the date of this Agreement, as the same may be amended or otherwise modified.

“Unreimbursed Amount” has the meaning assigned to it in Section 2.09(i)(i).

“Unused Acquisition Loan Fee” has the meaning assigned to it in Section 2.18(a).

“Unused Revolver Fee” has the meaning assigned to it in Section 2.18(b).

“Unutilized Acquisition Loan Commitment” means, at any time, the Acquisition Loan Commitment, less the outstanding unpaid principal balance of all Acquisition Loans.

“Unutilized Revolving Commitment” means, at any time, the Revolving Commitment less the Revolving Exposure.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Yield Maintenance Amount” means, with respect to any payment of principal of a Fixed Rate Loan, the amount determined as follows: The amount of the principal balance being prepaid shall be multiplied by the sum (but in no event less than zero) computed by subtracting the Federal Home Loan Bank Rate with a maturity date closest to the remaining term of the Note being prepaid from the applicable interest rate in effect at the time of prepayment, including, without limitation, any default rate in effect under Section 2.14(c). The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the term of the Note being prepaid. Said amount shall be reduced to present value, calculated by using the above-stated interest rate and the number of days remaining in the term of the applicable Note. The resulting amount shall be the Yield Maintenance Amount.

“Yield Maintenance Fee” means, with respect to any prepayment of principal of a Fixed Rate Loan, the greater of (a) (x) 2% of the principal balance being prepaid, if such prepayment occurs within two (2) years after the Effective Date and (y) 1% of the principal balance being prepaid thereafter, or (b) the Yield Maintenance Amount.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.*, a “Revolving Loan”) or by Type (*e.g.*, a “LIBOR Loan”). Borrowings also may be classified and referred to by Class (*e.g.*, a “Revolving Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this

Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower Representative notifies the Administrative Agent that the Borrowers request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower Representative that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

SECTION 1.05. Currency Equivalents . Currency Equivalents Generally. Any amount specified in this Agreement (other than in Articles II, III, IX and X) or any of the other Loan Documents to be in Dollars shall also include the equivalent of such amount in any currency other than Dollars, such equivalent amount thereof in the applicable currency to be determined by the Administrative Agent at such time on the basis of the Spot Rate (as defined below) for the purchase of such currency with Dollars. For purposes of this Section 1.05, the “Spot Rate” for a currency means the rate determined by the Administrative Agent to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two (2) Business Days prior to the date of such determination; provided that the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

ARTICLE II

The Credits

SECTION 2.01. Term Loan. Subject to the terms and conditions set forth herein, TD Banknorth, N.A. severally agrees to make the Term Loan to S&W Corp. in the original principal amount of the Term Loan Commitment. The Term Loan shall bear interest at the rate per annum equal to six and twenty-three one hundredths of one percent (6.23%) until paid in full. Interest shall be computed on the basis of a 360 day year and for the actual number of days elapsed.

SECTION 2.02. Repayment of Term Loan. S&W Corp. shall pay to the Administrative Agent principal and interest of the Term Loan in forty-nine (49) consecutive monthly installments payable on the thirtieth (30th) day of each month (the twenty-eighth (28th) day in the case of February) commencing December 30, 2007, each of which shall be in the amount of \$178,647.37, and a final payment equal to the entire outstanding principal balance of

the Term Loan, together with accrued interest thereon, shall be due and payable on the Term Loan Maturity Date. Amounts repaid in respect of the Term Loan may not be reborrowed.

SECTION 2.03. Real Estate Loan. Subject to the terms and conditions set forth herein, TD Banknorth, N.A. severally agrees to make the Real Estate Loan to S&W Corp. in the original principal amount of the Real Estate Loan Commitment. The Real Estate Loan shall bear interest at the rate per annum equal to six and eighty-five one hundredths of one percent (6.85%) until paid in full. Interest shall be computed on the basis of a 360 day year and for the actual number of days elapsed.

SECTION 2.04. Repayment of Real Estate Loan. S&W Corp. shall pay to the Administrative Agent principal and interest of the Real Estate Loan in eighty-five (85) consecutive monthly installments payable on the thirtieth (30th) day of each month (the twenty-eighth (28th) day in the case of February) commencing December 30, 2007, each of which shall be in the amount of \$45,526.64, and a final payment equal to the entire outstanding principal balance of the Real Estate Loan, together with accrued interest thereon, shall be due and payable on the Real Estate Loan Maturity Date. Amounts repaid in respect of the Real Estate Loan may not be reborrowed.

SECTION 2.05. Revolving Loans. Subject to the terms and conditions set forth herein, each Revolving Credit Lender severally agrees to make Revolving Loans in Dollars to the Borrowers from time to time during the Revolving Loan Availability Period in such amount of such Revolving Credit Lender's Applicable Revolving Loan Percentage in an aggregate principal amount at any one time outstanding that will not result in the Revolving Exposure exceeding the lesser of: (x) the Revolving Commitment or (y) the Borrowing Base. During the Revolving Loan Availability Period the Borrowers may borrow, prepay and reborrow the Revolving Loans. The Revolving Loans may from time to time be LIBOR Loans or Base Rate Loans, as determined by the Borrowers in accordance with Section 2.13.

SECTION 2.06. Repayments of Revolving Loans.

(a) Maturity of Revolving Loans. The Borrowers shall pay to the Administrative Agent, for the account of the Revolving Credit Lenders, all then outstanding principal, interest, fees and other amounts with respect to Revolving Loans on the Revolving Loan Maturity Date.

(b) Mandatory Repayments of Revolving Loans. If at any time the Revolving Exposure exceeds the lesser of (A) the Revolving Commitment or (B) the Borrowing Base, the Borrowers shall repay immediately the Revolving Loans and LC Exposure in an aggregate amount equal to such excess. Such repayment shall be applied first, to repay the Revolving Loans until the unpaid principal balance thereof is \$0.00, and second, to cash collateralize the LC Exposure by depositing any excess in a LC Collateral Account. In addition, any amounts due under Section 2.20(a) as a result of such repayment shall also be paid.

(c) Joint and Several. The liability of the Borrowers with respect to the Revolving Loans shall be joint and several.

SECTION 2.07. Acquisition Loans. (a) Subject to the terms and conditions set forth herein, each Lender that has a commitment to make an Acquisition Loan severally agrees to make Acquisition Loans in Dollars in the amount of such Lender's Applicable Acquisition Loan Percentage to Holdings from time to time during the Acquisition Loan Availability Period in an aggregate principal amount at any one time outstanding up to the Acquisition Loan Commitment. The Acquisition Loans may from time to time be LIBOR Loans or Base Rate Loans, as determined by Holdings in accordance with Sections 2.13. During the Acquisition Loan Availability Period, Holdings may use the Acquisition Loan Commitment by borrowing, prepaying the Acquisition Loans in whole or in part, and reborrowing.

(b) Each Acquisition Loan shall be used solely for the purpose of funding up to 90% of the purchase price of a Permitted Acquisition. Each request for an Acquisition Loan (other than the initial Acquisition Loan to be made on the date hereof) must be accompanied by:

- (i) An Acquisition Certificate, evidencing that the proposed acquisition constitutes a Permitted Acquisition; and
- (ii) Evidence satisfactory to Administrative Agent, in its Permitted Discretion, that Holdings: (x) has cash available to pay the balance of the purchase price upon the consummation of the proposed Acquisition; and (y) will be paying at least 10% of the purchase price of the proposed Acquisition from Holdings' own proceeds from sources other than from Loans.

SECTION 2.08. Repayment of Acquisition Loans.

(a) During the Acquisition Loan Availability Period, Holdings will pay interest on the outstanding principal balance of the Acquisition Loans as hereinafter provided until Holdings commences making the principal and interest installments described in Section 2.08(b).

(b) Commencing one month after the Conversion Date and on the same day of each succeeding month, Holdings will repay the then outstanding principal balance of the Acquisition Loans in sixty (60) consecutive monthly installments, each of which shall be in an amount consisting of principal in an amount equal to one sixtieth (1/60) of the outstanding principal balance of the Acquisition Loans on the Conversion Date together with accrued interest on the applicable Interest Payment Date(s) on the unpaid principal balance of the Acquisition Loans at the rate(s) then in effect as elected pursuant to Sections 2.11 and 2.13. The entire unpaid principal balance of the Acquisition Loans, together with accrued interest thereon, shall be paid in full on the Acquisition Loan Maturity Date. After the Conversion Date, amounts repaid on the Acquisition Loans may not be reborrowed.

SECTION 2.09 Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, any Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the LC Issuer at any time and from time to time during the Letter of Credit Availability Period denominated in Dollars or in one or more Alternative Currencies. In the event of any inconsistency between the terms and conditions of this

Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by a Borrower to, or entered into by a Borrower with, the LC Issuer relating to any Letter of Credit, the terms and conditions of this Agreement shall control. The Existing Letters of Credit shall be deemed Letters of Credit issued hereunder, and subject to the terms of this Agreement.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower for whose account the Letter of Credit is to be issued shall hand deliver or facsimile (or transmit by electronic communication, if arrangements for doing so have been approved by the LC Issuer) to the LC Issuer (with a copy to the Administrative Agent), reasonably in advance of the requested date of issuance, amendment, renewal or extension, a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the LC Issuer, the Borrower for whose account the Letter of Credit is to be issued also shall submit a letter of credit application on the LC Issuer's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrowers shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the total Revolving Exposure shall not exceed the lesser of the total Revolving Commitment and the Borrowing Base, and (ii) the LC Exposure shall not exceed the Letter of Credit Sublimit.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Revolving Maturity Date.

(d) Reimbursement. The LC Issuer shall, promptly after its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. If, after such examination, the LC Issuer shall make any LC Disbursement in respect of a Letter of Credit, the LC Issuer shall notify the Borrower Representative and Administrative Agent thereof. The Borrowers shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 2:00 p.m., New York time, on the date that such LC Disbursement is made, if the Borrower Representative shall have received notice of such LC Disbursement prior to 10:00 a.m., New York time, on such date, or, if such notice has not been received by the Borrower Representative prior to such time on such date, then not later than 3:00 p.m., New York time, on (i) the Business Day that the Borrower Representative receives such notice, if such notice is received prior to 1:00 p.m., New York time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower Representative receives such notice, if such notice is not received prior to such time on the day of receipt; provided that the Borrower Representative may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.11 that such payment be

financed with a Revolving Borrowing in an equivalent amount and, to the extent so financed, the Borrowers' obligation to make such payment shall be discharged and replaced by the resulting Revolving Borrowing, which shall be a Base Rate Loan. In the case of any Letter of Credit denominated in an Alternative Currency, the Borrowers shall reimburse the LC Issuer in Dollars. In each such case, the LC Issuer shall notify the Borrower Representative and the Administrative Agent of the Dollar Equivalent amount of the drawing promptly following the determination thereof. Any failure of the LC Issuer to furnish notice to the Borrower Representative as described in the first sentence of this Section 2.09(f) shall not relieve the Borrowers of their obligation to reimburse the LC Issuer with respect to any such LC Disbursement. The liability of the Borrowers with respect to LC Disbursements and LC Borrowings shall be joint and several.

(e) **Obligations Absolute.** The Borrowers' obligation to reimburse LC Disbursements as provided in paragraph (d) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the LC Issuer under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrowers' obligations hereunder. Neither the LC Issuer nor any of its Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the LC Issuer; provided that the foregoing shall not be construed to excuse the LC Issuer from liability to the Borrowers to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by the Borrowers that are caused by the LC Issuer's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the LC Issuer (as finally determined by a court of competent jurisdiction), the LC Issuer shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the LC Issuer may, in its Permitted Discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(f) <Intentionally omitted.>

(g) < Intentionally omitted.>

(h) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower Representative receives notice from the Administrative Agent demanding that the Borrowers cash collateralize the LC Exposure, the Borrowers shall deposit in an account with TD Banknorth, N.A., in the name of Administrative Agent and for the benefit of the LC Issuer and the Lenders (the "LC Collateral Account"), an amount in cash equal to 105% of the LC Exposure as of such date plus accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in Section 8.01(h) or (i). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account and the Borrowers hereby grant the Administrative Agent a security interest in the LC Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and Permitted Discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent for LC Borrowing for which have not been repaid and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated, be applied to satisfy other Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all such Events of Defaults have been waived.

(i) Funding of Participations.

- (i) If the Borrowers fail to reimburse the LC Issuer in accordance with Section 2.09(d), the Administrative Agent shall promptly notify each Revolving Credit Lender of the Honor Date, the amount of the unreimbursed drawing (expressed in Dollars in the amount of the Dollar Equivalent thereof, in the case of a Letter of Credit denominated in an Alternative Currency) (the "Unreimbursed Amount"), and the amount of such Lender's Applicable Revolving Loan Percentage thereof. In such event, the Borrowers shall be deemed to have requested a Revolving Loan that is a Base Rate Loan to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount (expressed in Dollars in the amount of the Dollar Equivalent thereof, in the case of a Letter of Credit denominated in an Alternative Currency), without regard to the minimum and multiples specified in Section 2.11 for the principal amount of Base Rate Loans, but subject to the amount of the

unutilized portion of the Revolving Commitment and the conditions set forth in Section 4.02 (other than the delivery of a Borrowing Request). Any notice given by the LC Issuer or the Administrative Agent pursuant to this Section 2.09(i)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

- (ii) Each Revolving Credit Lender severally agrees to participate in Letters of Credit issued for the account of one or more Borrowers. Each Revolving Credit Lender shall, upon any notice pursuant to Section 2.09(i)(i), make funds available to the Administrative Agent for the account of the LC Issuer at the Administrative Agent's Office in an amount equal to its Applicable Revolving Credit Percentage of the Unreimbursed Amount not later than 2:00 p.m. New York time on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.09(i)(iii), each Revolving Credit Lender that so makes funds available shall be deemed to have made a Base Rate Loan to such Borrower in such amount. The Administrative Agent shall remit the funds so received to the LC Issuer.
- (iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Revolving Borrowing of Base Rate Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, the Borrowers shall be deemed to have incurred from the LC Issuer an LC Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which LC Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the rate(s) set forth in Section 2.14(d). In such event, each Revolving Credit Lender's payment to the Administrative Agent for the account of the LC Issuer pursuant to Section 2.09(i)(ii) shall be deemed payment in respect of its participation in such LC Borrowing and shall constitute an LC Advance from such Lender in satisfaction of its participation obligation under this Section 2.09.
- (iv) Until each Revolving Credit Lender funds its Revolving Loan or LC Advance pursuant to this Section 2.09(i) to reimburse the LC Issuer for any amount drawn under any Letter of Credit, interest in respect of such Revolving Credit Lender's Applicable Revolving Loan Percentage of such amount shall be solely for the account of the LC Issuer.
- (v) Each Revolving Credit Lender's obligation to make Revolving Loans or LC Advances to reimburse the LC Issuer for amounts drawn under Letters of Credit, as contemplated by this Section

2.09(i), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the LC Issuer, any Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Credit Lender's obligation to make Revolving Loans pursuant to this Section 2.09(i) is subject to the conditions set forth in Section 4.02 (other than delivery by the Borrower Representative of a Borrowing Request). No such making of an LC Advance shall relieve or otherwise impair the obligation of the Borrowers to reimburse the LC Issuer for the amount of any payment made by the LC Issuer under any Letter of Credit, together with interest as provided herein.

- (vi) If any Revolving Credit Lender fails to make available to the Administrative Agent for the account of the LC Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.09(i) by the time specified in Section 2.09(i)(ii), the LC Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the LC Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the LC Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the LC Issuer in connection with the foregoing. If such Revolving Credit Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Revolving Credit Lender's funding of its Revolving Loan participation obligation included in the relevant Borrowing Request or LC Advance in respect of the relevant LC Borrowing, as the case may be. A certificate of the LC Issuer submitted to any Revolving Credit Lender (through the Administrative Agent) with respect to any amounts owing under this Section 2.09(i)(vi) shall be conclusive absent manifest error.

(j) Repayment of Participations. At any time after the LC Issuer has made a payment under any Letter of Credit and has received from any Revolving Credit Lender such Revolving Credit Lender's LC Advance in respect of such payment in accordance with Section 2.09(i), if the Administrative Agent receives for the account of the LC Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from a Borrower or otherwise, including proceeds of the LC Collateral Account applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Applicable

Revolving Loan Percentage thereof in the same funds as those received by the Administrative Agent.

(k) Disgorged Payments. If any payment received by the Administrative Agent for the account of the LC Issuer pursuant to Section 2.09(i)(i) is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the LC Issuer in its discretion), each Revolving Credit Lender shall pay to the Administrative Agent for the account of the LC Issuer its Applicable Revolving Loan Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(l) Role of LC Issuer. Each Lender and the Borrowers agree that, in paying any drawing under a Letter of Credit, the LC Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the LC Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the LC Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Revolving Credit Lenders; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrowers' pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the LC Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the LC Issuer shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.09(e); provided, however, that anything in such clauses to the contrary notwithstanding, a Borrower may have a claim against the LC Issuer, and the LC Issuer may be liable to a Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by such Borrower which such Borrower proves were caused by the LC Issuer's willful misconduct or gross negligence or the LC Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the LC Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the LC Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(m) Applicability of ISP and UCP. Unless otherwise expressly agreed by the LC Issuer and the Borrowers when a Letter of Credit is issued, (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for

Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance, shall apply to each commercial Letter of Credit.

SECTION 2.10 Appointment of Borrowers' Representative. Each other Borrower hereby irrevocably appoints Holdings as its representative (the "Borrower Representative"), and Holdings shall act under this Agreement as the representative of each Borrower for all purposes, including, without being limited to, requesting borrowings and receiving account statements and other notices and communications to the Borrowers (or any of them) from the Administrative Agent or any Lender. The Administrative Agent and the Lenders may rely, and shall be fully protected in relying, on any request for borrowing, disbursement instruction, report, information or any other notice or communication made or given by Holdings, whether in its own name, on behalf of any Borrower, on behalf of "the Borrowers," and neither the Administrative Agent nor any Lender shall have any obligation to make any inquiry or request any confirmation from or on behalf of any Borrower as to the binding effect on it of any such request, instruction, report, information, notice or communication, nor shall the joint and several character of the Borrowers' liability for the Obligations be affected.

SECTION 2.11. Procedure for Borrowing. Each borrowing of Loans, each conversion of Loans of one Type to the other, and each continuation of LIBOR Loans shall be made upon delivery by the Borrower Representative of an irrevocable notice to the Administrative Agent, by facsimile, or by electronic communication, if arrangements for doing so have been approved by the Administrative Agent. Each Borrowing Request and Conversion/Continuation Notice must be received by the Administrative Agent not later than 2:00 p.m. New York time (i) three (3) Business Days prior to the requested date of any borrowing of, conversion to or continuation of LIBOR Loans, (ii) three (3) Business Days prior to the conversion of a LIBOR Loan to a Base Rate Loan, and (iii) one (1) Business Day prior to the requested date of any borrowing of any Base Rate Loan. Each written notice of borrowing or conversion shall specify (i) whether the requested borrowing is to be Revolving Borrowing or an Acquisition Borrowing, a conversion of Loans from one Type to the other, or a continuation of a LIBOR Loan, (ii) the requested date of the borrowing, continuation or conversion, as the case may be (which shall be a Business Day), (iii) the principal amount of the Revolving Loan or Acquisition Loan to be borrowed, continued or converted, (iv) if applicable, the duration of the Interest Period applicable thereto; and (v) if applicable, the Type of Loans to be borrowed or to which existing Loans are to be converted. Each borrowing of, conversion to or continuation of LIBOR Loans shall be in an amount equal to \$250,000 or whole multiples of \$100,000 in excess thereof. If the Borrower fails to specify a Type of Loan in a Borrowing Request or Conversion/Continuation Notice or if the Borrower fails to give timely notice requesting a conversion or continuation, then the Revolving Loans or Acquisition Loans, as the case may be, shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loan shall be effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Loan. If the Borrower Representative requests a borrowing of, conversion to or continuation of a LIBOR Loan in any such borrowing or conversion notice, but fails to specify an Interest Period, the Borrower Representative will be deemed to have specified an Interest Period of one month. Notwithstanding any contrary provision hereof, if a Default has occurred and is continuing and the Administrative Agent so notifies the Borrower Representative, then, so long as a Default is continuing (i) no outstanding Revolving Loan or Acquisition Loan may be converted to or continued as a LIBOR Loan and (ii) unless repaid, each

LIBOR Loan shall be converted to a Base Rate Loan at the end of the Interest Period applicable thereto.

SECTION 2.12. Funding of Loans. (a) Following receipt of a Borrowing Request or a Conversion/Continuation Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Revolving Loan Percentage or Applicable Acquisition Loan Percentage, as applicable, under the applicable Loan or the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower Representative, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in Section 2.11. In the case of an Acquisition Borrowing or a Revolving Borrowing, (i) each appropriate Lender shall make the amount of its Loan available to the Administrative Agent in Dollars in immediately available funds at the Administrative Agent's Office not later than 2:00 p.m. on the Business Day specified in the applicable Borrowing Request or Conversion/Continuation Notice and (ii) upon satisfaction or waiver of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Borrowing, Section 4.01), the Administrative Agent shall make all funds so received available to the Borrower Representative in like funds as received by the Administrative Agent either by (A) crediting the account of the applicable Borrower or Borrowers on the books of the Administrative Agent with the amount of such funds or (B) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower Representative; provided, however, that if, on the date a Borrowing Request with respect to a Revolving Borrowing is given by the Borrower Representative, there are LC Disbursements and/or LC Borrowings outstanding, then the proceeds of such Revolving Borrowing, first, shall be applied to the payment in full of any such LC Disbursements and/or LC Borrowings, and second, shall be made available to the Borrower Representative as provided above.

(b) The Administrative Agent shall make each Loan to be made by it hereunder on the proposed date thereof available to the Borrower Representative by promptly crediting the amounts in immediately available funds, to the Funding Account; provided that Base Rate Loans made to: (i) finance the reimbursement of an LC Disbursement as provided in Section 2.09, or (ii) make other payments under Section 2.09, shall be retained (or disbursed) by the Administrative Agent.

SECTION 2.13. Interest Elections. (a) Each borrowing of Loans initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a LIBOR Loan, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower Representative may elect to convert such Revolving Loan or Acquisition Loan to a different Type or to continue a LIBOR Loan and, in the case of converting to or continuing a LIBOR Loan, shall elect an Interest Period therefor, all as provided in Section 2.11. The Borrower Representative may elect different options with respect to different portions of the affected Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) Notwithstanding any other provision of this Agreement, the Borrower Representative shall not be entitled to request, or to elect to convert or continue any Borrowing if the Interest Period requested with respect thereto would:

- (i) with respect to any Revolving Borrowing, end after the Revolving Maturity Date;
- (ii) with respect to any Acquisition Loan, end after the Conversion Date, except as hereinafter provided; and
- (iii) after the Conversion Date with respect to the Acquisition Loans, end after the Acquisition Loan Maturity Date.

(c) The interest elections in effect as of the Effective Date with respect to Revolving Loans shall remain in full force and effect until the Borrower Representative makes an election as herein provided.

SECTION 2.14. Interest. (a) Each Base Rate Loan shall bear interest at the Base Rate Basis.

(b) Each LIBOR Loan shall bear interest at the LIBOR Basis for the Interest Period in effect for such Loan.

(c) Notwithstanding the foregoing, during the occurrence and continuance of an Event of Default, the Administrative Agent may, at its option, or shall, at the request of the Required Lenders, by notice to the Borrower Representative, declare that: (i) all Acquisition Loans and Revolving Loans shall bear interest at 2% above the rate otherwise applicable to such Acquisition Loans; and (ii) the Term Loan and the Real Estate Loan shall bear interest at 5% above the rate otherwise applicable to such Loan.

(d) Borrowers shall pay accrued interest on each Loan in arrears on each Interest Payment Date for such Loan and upon termination of the applicable maturity date of such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any LIBOR Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year consisting of (i) in the case of Base Rate Loans, 365 or 366 days, as the case may be, or (ii) in the case of LIBOR Loans, 360 days; and in each instance under (i) and (ii) above, shall be payable for the actual number of days elapsed. The applicable Base Rate or LIBOR Basis shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(f) If, for any fiscal quarter, the Consolidated Leverage Ratio set forth in the Compliance Certificate with respect to the applicable Test Period shall be determined to have been incorrectly reported, then at the Required Lender's election, the Applicable Margins may be retroactively adjusted to reflect any higher rate that would have been applicable had the Consolidated Leverage Ratio been correctly reported on such Compliance Certificate. The Borrowers shall pay on demand the unpaid interest that should have been paid had the correct Applicable Margins been in effect for the interest periods affected thereby.

SECTION 2.15. Alternate Rate of Interest. (a) If prior to the commencement of any Interest Period for a LIBOR Loan:

- (i) any Lender determines in its Permitted Discretion (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBOR Basis for such Interest Period; or
- (ii) any Lender determines in its Permitted Discretion the LIBOR Basis for such Interest Period will not adequately and fairly reflect the cost to such Lender of making or maintaining its Loans included in such Borrowing for such Interest Period; or

(b) if after the Effective Date, any Lender shall have determined that the adoption or modification of any Change of law that has or would have the effect of making it unlawful for the Lender to honor its obligations to make LIBOR Loans or to continue to make or maintain LIBOR Loans,

then the Administrative Agent shall give notice thereof to the Borrower Representative by telephone or facsimile as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower Representative that the circumstances giving rise to such notice no longer exist, any Borrowing Request that requests the borrowing of, or any Conversion/Continuation Notice that elects a continuation of or conversion to a LIBOR Loan, shall be ineffective and such Borrowing shall be made as, converted to or continued as a Base Rate Loan.

SECTION 2.16. Termination and Reduction of Commitments. (a) Unless otherwise terminated under Article VIII or clause (b) of this Section:

- (i) the Revolving Commitment shall terminate upon the expiration of the Revolving Loan Availability Period; and
- (ii) the Acquisition Loan Commitment shall terminate upon the expiration of the Acquisition Loan Availability Period.

(b) The Borrower Representative may at any time terminate the Commitments upon (i) the payment in full of all outstanding Loans, together with accrued and unpaid interest thereon and on any Letters of Credit, (ii) the cancellation and return of all outstanding Letters of Credit (or alternatively, with respect to each such Letter of Credit, the furnishing to the Administrative Agent of a cash deposit, or at the discretion of the Administrative Agent a back up standby letter of credit satisfactory to the Administrative Agent, equal to 105% of the LC Exposure as of such date), (iii) the payment in full of the accrued and unpaid fees, including any applicable Prepayment Fee (and/or Yield Maintenance Fee), and (iv) the payment in full of all reimbursable expenses and other Obligations together with accrued and unpaid interest thereon.

(c) The Borrower Representative may from time to time reduce the Acquisition Loan Commitment, provided that (x) each reduction of the Acquisition Loan Commitment shall be in an amount that is an integral multiple of \$100,000.00, (y) the Borrower

Representative shall not reduce the Acquisition Loan Commitment if, after giving effect to any concurrent prepayment of the Acquisition Loans in accordance with Section 2.17, the sum of the outstanding Acquisition Loans would exceed the Acquisition Loan Commitment and (z) the Borrowers shall pay the applicable Prepayment Fee under Section 3.03(c).

(d) The Borrower Representative shall notify the Administrative Agent of any election to terminate the Commitments or reduce the Acquisition Loan Commitment under paragraph (b) or (c) of this Section at least five (5) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower Representative pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower Representative may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower Representative (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitment shall be permanent.

(e) The Administrative Agent shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to the Administrative Agent and the Lenders resulting from each Loan made by the Lenders, including the amounts of principal and interest payable and paid to the Lender from time to time hereunder.

(f) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to the Administrative Agent and the Lenders hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder.

(g) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(h) The entries made in the accounts maintained pursuant to paragraph (e), (f) or (g) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(i) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrowers shall prepare, execute and deliver to the Administrative Agent a promissory note payable to the order of such Lenders (or, if requested by the Administrative Agent, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.06) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.17. Prepayment of Loans. (a) Prepayments. The Borrowers shall have the right at any time and from time to time, and the obligation upon the occurrence of the events described in paragraph (c) of this Section, to prepay any Loan in whole or in part, subject to: (i) prior notice in accordance with paragraph (f) of this Section; and (ii) the payment of any applicable Prepayment Fees, Yield Maintenance Fees and other fees payable under Section 3.03.

(b) [Reserved].

(c) Mandatory Prepayments upon Prepayment Events. In the event and on each occasion that any Net Proceeds are received by or on behalf of any Loan Party in respect of any Prepayment Event, such Loan Party shall, immediately after such Net Proceeds are received by such Loan Party, prepay the Obligations (which prepayment shall be applied as set forth in Section 2.17(e) below) in an aggregate amount equal to 100% of such Net Proceeds, provided that, in the case of any event described in clause (b) of the definition of the term "Prepayment Event", if the Borrower Representative shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Loan Parties intend to apply the Net Proceeds from such event (or a portion thereof specified in such certificate), within ninety 90 days after receipt of such Net Proceeds, to acquire (or replace or rebuild) real property, equipment or other tangible assets (excluding inventory) to be used in the business of the Loan Parties, and certifying that no Default or Event of Default has occurred and is continuing, then either (i) so long as full cash dominion is not in effect, no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds specified in such certificate or (ii) if full cash dominion is in effect, if the Net Proceeds specified in such certificate are to be applied by (A) such Loan Party, then such Net Proceeds shall be applied by the Administrative Agent to reduce the outstanding principal balance of the Revolving Loans (without a permanent reduction of the Revolving Commitment) and upon such application, the Administrative Agent shall establish a Reserve against the Borrowing Base in an amount equal to the amount of such proceeds so applied and (B) any Loan Party that is not a Borrower, then such Net Proceeds shall be deposited in a cash collateral account and in either case, thereafter, such funds shall be made available to the applicable Loan Party as follows:

- (i) The Borrower Representative shall request a Revolving Loan (specifying that the request is to use Net Proceeds pursuant to this Section) or the applicable Loan Party shall request a release from the cash collateral account be made in the amount needed;
- (ii) so long as the conditions set forth in Section 4.02 have been met, the Lenders shall make such Revolving Loan or the Administrative Agent shall release funds from the cash collateral account; and
- (iii) in the case of Net Proceeds applied against the Revolving Loan, the Reserve established with respect to such insurance proceeds shall be reduced by the amount of such Revolving Loan;

provided that on the first Business Day after the end of such ninety (90) day period, the Borrowers shall prepay the Obligations in an amount equal to such Net Proceeds that have not then been so applied.

(d) [Reserved].

(e) Application of Prepayments.

- (i) So long as no Default or Event of Default has occurred and is then continuing, the Borrowers shall have the right to specify how principal prepaid pursuant to Section 2.17(a) shall be applied.
- (ii) Amounts prepaid pursuant to Section 2.17(c) as to (x) any insurance or condemnation proceeds, to the extent they arise from casualties or losses to real estate, or (y) any sale of all or part of the Mortgaged Premises, shall be applied first to the Real Estate Loan, until paid in full and then in the order set forth in clause (iv) hereof.
- (iii) Amounts prepaid pursuant to Section 2.17(c) as a result of the occurrence of any event described in clause (a), (c), or (d) of the definition of the term "Prepayment Event" shall only be applied to prepay the then outstanding principal balance of the Acquisition Loans until paid in full, and any excess proceeds may be used by issuer for any corporate purpose not prohibited under this Agreement. During the Acquisition Loan Availability Period, any amounts repaid pursuant to this clause (e)(iii) may be reborrowed in accordance with Section 2.09(a).
- (iv) Amounts prepaid pursuant to Section 2.17(c) other than those described in clause (ii) and clause (iii) above shall be applied as follows:
 - (1) first to prepay the Term Loan;
 - (2) second to prepay the Real Estate Loan;
 - (3) third, to the remaining Loans as follows:
 - (I) if the Conversion Date *has* occurred, as follows:
 - (A) first, to prepay the Acquisition Loans;
 - (B) then to prepay the Revolving Loans without a corresponding reduction in the Revolving Commitment and to cash collateralize outstanding LC Exposure; or
 - (II) if the Conversion Date *has not* occurred with respect to the Acquisition Loans, to prepay the Revolving Loans and Acquisition Loans, ratably in accordance with the then outstanding amounts thereof, without a corresponding reduction in the respective Commitments and to cash

collateralize outstanding LC Exposure (once the outstanding principal balance of the Revolving Loans and LC Disbursements is \$0.00); then

- (4) fourth, to be held as cash collateral for or repay the Swap Termination Value (if any) and the F/X Exposure (if any), ratably in accordance with the then outstanding amounts thereof then due.
- (v) Any prepayment of the Term Loan and Real Estate Loan, and after the Conversion Date, the Acquisition Loans, shall be applied to installments of each respective Loan in inverse order of maturity.

All such amounts prepaid pursuant to Section 2.17(c) and applied to prepay the Revolving Loans shall be so applied without a corresponding reduction in the Revolving Commitment and to cash collateralize outstanding LC Exposure. If the precise amount of insurance or condemnation proceeds allocable to Inventory as compared to equipment, fixtures and real property is not otherwise determined, the allocation and application of those proceeds shall be determined by the Administrative Agent, in its Permitted Discretion.

(f) The Borrower Representative shall notify the Administrative Agent by telephone (confirmed by facsimile or by electronic communication, if arrangements for doing so have been approved by the Administrative Agent) of any prepayment hereunder (i) in the case of prepayment of a LIBOR Loan, not later than 10:00 a.m., New York time, three (3) Business Days before the date of prepayment, or (ii) in the case of prepayment of a Base Rate Loan not later than 10:00 a.m., New York time, the day of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Loan or portion thereof to be prepaid. Each partial prepayment of any Loan shall be in an amount equal to \$100,000.00 or whole multiples of \$100,000.00 in excess thereof. Prepayments shall be accompanied by accrued interest and the payment of any applicable Prepayment Fees, Yield Maintenance Fees and other fees payable under Section 3.03.

SECTION 2.18. Fees and Other Charges. (a) Unused Revolver Fee. The Borrowers agree to pay to the Administrative Agent for the account of the Revolving Credit Lenders in accordance with their Applicable Revolving Loan Percentage a commitment fee (the "Unused Revolver Fee") for the period from and including the Effective Date to the last day of the Revolving Loan Availability Period, which shall accrue at the rate designated on the grid in the definition "Applicable Margin" on the average daily amount of the Unutilized Revolving Commitment. The rate of the Unused Revolver Fee shall be reset on each Determination Date. The accrued Unused Revolver Fee shall be payable in arrears on the last day of each October, January, April and July and on the date on which the Revolving Commitment terminates. The Unused Revolver Fee shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed.

(b) Unused Acquisition Loan Fee. The Borrowers agree to pay to the Administrative Agent for the account of the Lenders in accordance with their Applicable Acquisition Loan Percentage a commitment fee (the "Unused Acquisition Loan Fee") for the

period from and including the Effective Date to the last day of the Acquisition Loan Availability Period, which shall accrue at the rate designated on the grid in the definition "Applicable Margin" on the average daily amount of the Unutilized Acquisition Loan Commitment. The rate of the Unused Acquisition Loan Fee shall be reset on each Determination Date. The accrued Unused Acquisition Loan Fee shall be payable in arrears on the last day of each October, January, April and July and on the Conversion Date. The Unused Acquisition Loan Fee shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed.

(c) Letter of Credit Fee. The Borrowers agree to pay to the Administrative Agent for the account of the Revolving Credit Lenders a letter of credit fee in respect of each Letter of Credit ("Letter of Credit Fee"), at a per annum rate equal to 0.75% of the undrawn face amount of the Letter of Credit, payable in advance (i) on the issuance date, and (ii) on each anniversary date thereof. In addition, the Borrowers agree to pay the Administrative Agent for the account of the LC Issuer standard fees with respect to the issuance, administration, amendment, renewal or extension of any Letter of Credit or the processing of any presentation or payment made thereunder. Any other fees payable under this Section 2.18(c) shall be payable within ten (10) days after demand. All Letter of Credit Fees shall be computed on the basis of a three hundred sixty (360) day year and shall be payable for the actual number of days elapsed.

(d) Issuance Fee. The Borrowers shall pay to the Administrative Agent for the sole account of the LC Issuer a fronting fee in such amount as is customarily charged by the LC Issuer for letters of credit of the type and the duration being issued (the "Issuance Fee").

(e) Arrangement Fee. The Borrowers shall pay to the Administrative Agent an arrangement fee in accordance with a certain fee letter by and among the Administrative Agent, TD Banknorth, N.A. and the Borrowers.

(f) Late Charge. The Borrowers agree to pay the Administrative Agent for the account of the Lenders holding such Obligations, with respect to any payment of principal, interest or fees due under this Agreement that is not made within ten (10) days after its due date, a late charge equal to six percent (6%) of the amount past due.

(g) Non-Refundability. All fees payable under this Section 2.18 shall be paid on the dates due, in immediately available funds, to the Administrative Agent. All fees paid under this Section 2.18 shall not be refundable under any circumstances.

SECTION 2.19. Intentionally Deleted.

SECTION 2.20. Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders and/or LC Issuer to which such payment is owed, at the Funding Office in Dollars and in immediately available funds not later than 11:00 a.m. New York time on the date specified herein. The Administrative Agent will promptly distribute to each Lender and the LC Issuer its Applicable Percentage in respect of

the relevant Loan (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender and/or LC Issuer. All payments received by the Administrative Agent after 11:00 a.m. New York time shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrowers (other than payments on the LIBOR Loans) shall come due on a day other than a Business Day, payment shall be made on the next following Business Day. If any payment on a LIBOR Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to this paragraph, such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) Funding Account. The Borrowers hereby irrevocably authorize the Administrative Agent to charge to the Funding Account, or if the funds therein are insufficient, to advance to the Funding Account as a Revolving Loan that is a Base Rate Loan and simultaneously charge to the Funding Account, a sum sufficient to pay when due all scheduled payments of principal and all interest accrued on the Obligations and to pay when due all costs, fees and expenses at any time owed by the Borrowers to the Administrative Agent, the Lenders, the LC Issuer and/or the other Secured Parties hereunder. The Administrative Agent will account to the Borrower Representative monthly with a statement of Loans, charges and payments made pursuant to this Agreement, and such account rendered by the Administrative Agent shall be deemed final, binding and conclusive upon the Borrowers unless the Administrative Agent is notified by the Borrower Representative in writing to the contrary within thirty (30) days of the date each accounting is mailed to the Borrower Representative. Such notice shall only be deemed an objection to those items specifically objected to therein.

(c) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.12 and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender agrees to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Administrative Agent at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. If such Lender pays its share of the applicable Borrowing to the Administrative

Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing.

- (ii) Payments by the Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower Representative prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the LC Issuer hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the LC Issuer, as the case may be, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders or the LC Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the LC Issuer in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.
- (iii) A notice of the Administrative Agent to any Lender or the Borrower Representative with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(d) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Administrative Agent because the conditions to the Loans set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans, to fund participations in Letters of Credit and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.04(c).

(f) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(g) Insufficient Funds. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, LC Disbursements, LC Borrowings, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, toward payment of principal, LC Disbursements and LC Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal, LC Disbursements and LC Borrowings then due to such parties.

SECTION 2.21. Sharing Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of (a) Obligations in respect of any the Loans due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations in respect of the Loans due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations in respect of the Loans due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) Obligations in respect of any of the Loans owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (ii) the aggregate amount of the Obligations in respect of the Loans owing (but not due and payable) to all Lenders hereunder and under the other Loan Parties at such time) of payment on account of the Obligations in respect of the Loans owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and subparticipations in LC Exposure of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of Obligations in respect of the Loans then due and payable to the Lenders or owing (but not due and payable) to the Lenders, as the case may be, provided that:

- (i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and
- (ii) the provisions of this section shall not be construed to apply to (x) any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation or subparticipations in any of its Loans or subparticipations in LC Exposure to any assignee or participant, other than to a Borrower or any Subsidiary thereof (as to which the provisions of this section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

ARTICLE III

Illegality, Increased Costs, Yield Maintenance and Taxes

SECTION 3.01. Illegality. If any Change in Law has made it unlawful, or any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund LIBOR Loans, or to determine or charge interest rates based upon the LIBOR, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower Representative through the Administrative Agent, any obligation of such Lender to make or continue LIBOR Loans or to convert Base Rate Loans to LIBOR Loans shall be suspended until such Lender notifies (and each Lender agrees that it will provide promptly such notice) the Administrative Agent and the Borrower Representative that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall, upon demand from such Lender (with a copy to the Administrative Agent), convert all LIBOR Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBOR Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Loans. Upon any such conversion, the Borrowers shall also pay accrued interest on the amount so converted.

SECTION 3.02 Increased Costs. (a) If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the LIBOR Basis); or
- (ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or LIBOR Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any LIBOR Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to any Lender of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by any Lender hereunder (whether of principal, interest or otherwise), then the Borrowers will pay to such Lender such additional amount or amounts to compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, as a consequence of this Agreement or the Loans made or Letters of Credit issued by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower Representative and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrowers shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than two hundred seventy (270) days prior to the date that such Lender notifies the Borrower Representative of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the two hundred seventy (270) day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 3.03. Break Funding, Prepayment and Yield Maintenance Fees.

(a) Break Funding Payments. In the event of (a) the payment of any principal of any LIBOR Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any LIBOR Loan other than on the last day of the Interest Period applicable thereto or (c) the failure to borrow, convert, continue or prepay any LIBOR Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.08 (c) or (d) and is revoked in accordance therewith), then, in any such event, the Borrowers shall compensate the Lenders for the loss, cost and expense attributable to such event. In the case of a LIBOR Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the LIBOR Basis that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for Dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of such

Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower Representative and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(b) Yield Maintenance Fees for Fixed Rate Loans. In the event that the Borrowers pay any principal with respect to a Fixed Rate Loan on any day other than the date scheduled for such payment under Section 2.02 or 2.04, as applicable, the Borrowers shall pay, simultaneously with such payment, the Yield Maintenance Fee. Notwithstanding the foregoing, there shall be no Yield Maintenance Fee if such payment is made entirely from excess cash flow from the Borrowers' operations in the ordinary course of business, from the proceeds of the issuance by Holdings or any other Borrower of any Equity Interests, or from the proceeds of a refinancing of the Obligations in a transaction in which TD Banknorth, N.A. or one of its Affiliates provides or arranges a replacement credit facility for the Borrowers.

(c) Prepayment Fee. (i) Acquisition Loan. In the event that the Borrowers permanently reduce (including, without limitation, a reduction to \$0 or termination) the Acquisition Loan Commitment pursuant to Section 2.16(c) before the Conversion Date, the Borrowers shall pay to the Administrative Agent for the account of the Lenders in accordance with their Applicable Acquisition Loan Percentage, simultaneously with any such reduction, a prepayment fee of 2% of any such commitment reduction. In the event that the Borrowers pay any principal with respect to any Acquisition Loan after the Conversion Date on any day other than the date scheduled for such payment under Section 2.10(b), the Borrowers shall pay, simultaneously with any such prepayment, a prepayment fee of 1% of such principal payment, *provided, however*, there shall be no Prepayment Fee with respect to any prepayment of principal of the Acquisition Loan if such payment is made entirely from excess cash flow from the Borrowers' operations in the ordinary course of business, from the proceeds of the issuance by any Borrower of any Equity Interests, or from the proceeds of a refinancing of the Obligations in a transaction in which the Administrative Agent or one of its Affiliates provides or arranges a replacement credit facility for the Borrowers.

(ii) Revolving Loan. In the event that the Borrowers terminate the Revolving Commitment pursuant to Section 2.16(b) on or before November 30, 2009, the Borrowers shall pay to the Administrative Agent for the account of the Revolving Credit Lenders in accordance with their Applicable Revolving Loan Percentage, simultaneously with any such termination, a prepayment fee of 2% of the outstanding Revolving Commitment so terminated. In the event that the Borrowers terminate the Revolving Commitment pursuant to Section 2.16(b) after November 30, 2009, the Borrowers shall pay, simultaneously with any such termination, a prepayment fee of 1% of the outstanding Revolving Commitment so terminated, *provided, however*, there shall be no Prepayment Fee with respect to any prepayment of principal of the Revolving Commitment if such payment is made entirely from excess cash flow from the Borrowers' operations in the ordinary course of business, from the proceeds of the issuance by any Borrower of any Equity Interests, or from the proceeds of a refinancing of the Obligations in a transaction in which the Administrative Agent or one of its Affiliates provides or arranges a replacement credit facility for the Borrowers.

The prepayment fees described in this Section 3.03(c) are referred to in this Agreement as a "Prepayment Fee".

SECTION 3.04. Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.02, or any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.05, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.02 or 3.05, as the case may be, in the future, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be materially disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.02, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.05, the Borrowers may replace such Lender in accordance with Section 10.13.

SECTION 3.05. Taxes. (a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if any Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, the LC Issuer or the applicable Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrowers shall make such deductions and (iii) the Borrowers shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) Payment of Other Taxes by the Borrowers. In addition, the Borrowers shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by the Borrowers. The Borrowers and each other Loan Party shall indemnify the Administrative Agent and each Lender (and in the case of any such party that is a pass-through entity for purposes of the Indemnified Tax or Other Tax in question, any of the beneficial owners of such party) within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or any Lender on or with respect to any payment by or on account of any obligation of any Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental

Authority. A certificate as to the amount of such payment or liability delivered to the Borrower Representative by the Administrative Agent shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Borrower or any other Loan Party to a Governmental Authority, such Borrower or such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders. Any Lender (and, if a pass-through entity, any of its beneficial owners) that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which any Borrower or any other Loan Party is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall, to the extent it may lawfully do so, deliver to the Borrower Representative (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower Representative or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender (and, if a pass-through entity, any of its beneficial owners), if requested by the Borrower Representative or the Administrative Agent, shall, to the extent it may lawfully do so, deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower Representative or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not any payment made hereunder or under any other Loan Document to such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in this subclause (e), no Lender (or, in the case of a Lender that is a pass-through entity, its owners) will be required to provide any documentation with regard to any tax imposed by a jurisdiction other than the United States if in such party's good faith sole discretion, such submission would subject it to unreimbursed expense or would otherwise be disadvantageous to such party.

Without limiting the generality of the foregoing, in the event that any Borrower is resident for tax purposes in the United States, any Foreign Lender (and, if a pass-through entity, any of its beneficial owners) shall, to the extent it may lawfully do so, deliver to the Borrower Representative and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Administrative Agent, but only if such Foreign Lender or beneficial owner is legally entitled to do so), whichever of the following is applicable:

- (i) duly completed copies of Internal Revenue Service Form W-8BEN (or any successor thereto) claiming eligibility for benefits of an income tax treaty to which the United States is a party,
- (ii) duly completed copies of Internal Revenue Service Form W-8ECI (or any successor thereto),

- (iii) in the case of a Foreign Lender (or, in the case of a pass-through entity, any of its beneficial owners) claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender or beneficial owner is not (A) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code and (y) duly completed copies of Internal Revenue Service Form W-8BEN (or any successor thereto), and/or
- (iv) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrowers to determine the withholding or deduction required to be made.

From time to time, each Lender shall promptly notify the Administrative Agent of any change in such Lender’s or beneficial owner’s circumstances that would modify or render invalid any claimed exemption or reduction.

A Lender that is a United States person within the meaning of Code section 7701(a)(30) shall deliver a duly completed IRS Form W-9 to the Borrower Representative and the Administrative Agent at the times described above with respect to the other withholding forms; provided, however, that a Lender or Assignee that the Borrowers may treat as an “exempt recipient” within the meaning of Treasury Regulations section 1.6049-4(c) (without regard to the third sentence thereof) shall not be required to provide an IRS Form W-9, except to the extent required under Treasury Regulations section 1.1441-1.

(f) Treatment of Certain Refunds. If the Administrative Agent or any Lender determines, in its good faith sole discretion, that it has received a refund (in cash or as an offset against other taxes otherwise then due and payable) of any Taxes or Other Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this section, it shall pay to such Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 3.05 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that such Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority other than penalties, interest and other charges arising out of the willful misconduct or gross negligence of Administrative Agent or such Lender) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such amount to such Governmental Authority. This subsection shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its

taxes that it deems confidential) to any Borrower or any other Person. Notwithstanding anything to the contrary, in no event will any Lender be required to pay any amount to any Borrower the payment of which would place such Lender in a less favorable net after-tax position than such Lender would have been in if the additional amounts giving rise to such refund of any Indemnified Taxes or Other Taxes had never been paid.

(g) Notwithstanding anything contained herein to the contrary, the provisions of Sections 3.02, 3.03(a) and 3.05 shall survive the expiration or termination of this Agreement and the other Loan Documents and the payment in full of the Loans.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of each Lender to make Loans and to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.01):

(a) Credit Agreement and Loan Documents. The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include facsimile transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Loan Documents and such other certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the transactions contemplated by this Agreement and the other Loan Documents, including a written opinion of the Loan Parties' counsel, addressed to the Administrative Agent in form and substance satisfactory to the Administrative Agent and its counsel.

(b) Financial Projections. The Administrative Agent shall have received satisfactory projections of (i) consolidated financial statements of Holdings for the 2008 fiscal year, and (ii) unaudited interim consolidated financial statements of Holdings for each fiscal quarter ended after the date of the latest applicable financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available, and such financial statements shall not, in the reasonable judgment of the Administrative Agent, reflect any material adverse change in the consolidated financial condition of Holdings.

(c) Closing Certificates; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Effective Date and executed by its Secretary or Assistant Secretary, which shall (A) certify the resolutions of its Board of Directors, members or other body authorizing the execution, delivery and performance of the Loan Documents to which it is a party, (B) identify by name and title and bear the signatures of the Financial Officers and any other officers of such Loan Party authorized to sign the Loan Documents to which it is a party, and (C) contain appropriate attachments, including the certificate or articles of incorporation or organization of each Loan Party certified by the relevant authority of the jurisdiction of organization of such Loan Party and a true and correct copy of its by-laws or operating, management or partnership

agreement, and (ii) a long form good standing certificate for each Loan Party from its jurisdiction of organization.

(d) No Default Certificate. The Administrative Agent shall have received a Compliance Certificate, signed by the Financial Officer, on the initial Borrowing date (i) stating that no Default has occurred and is continuing, (ii) stating that the representations and warranties contained in Article V are true and correct as of such date, (iii) demonstrating compliance with the financial covenants set forth in Section 7.12, and (iv) certifying any other factual matters as may be reasonably requested by the Lender.

(e) Fees. The Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Effective Date. All such amounts will be paid with proceeds of Loans made on the Effective Date and will be reflected in the funding instructions given by the Borrower Representative to the Administrative Agent on or before the Effective Date.

(f) Lien Searches. The Administrative Agent shall have received the results of a recent lien search in each of the jurisdictions where assets of the Loan Parties are located, and such search shall reveal no liens on any of the assets of the Loan Parties except for liens permitted by Section 7.02 or discharged on or prior to the Effective Date pursuant to a pay-off letter or other documentation satisfactory to the Lender.

(g) Personal Property Requirements. The Administrative Agent shall have received:

- (i) satisfactory evidence that all certificates or instruments representing or evidencing the Securities Collateral (as defined in the Security Agreement) accompanied by instruments of transfer and stock powers undated and endorsed in blank have been delivered to the Administrative Agent;
- (ii) satisfactory evidence that all other certificates, agreements, including control agreements, or instruments necessary to perfect the Administrative Agent's security interest in all Chattel Paper, all Instruments, all Deposit Accounts, all Securities Accounts, all Commodity Accounts, and all Investment Property of each Loan Party (as each such term is defined in the Security Agreement and to the extent required by the Security Agreement) have been delivered to the Administrative Agent;
- (iii) UCC financing statements in appropriate form for filing under the UCC, filings with the United States Patent and Trademark Office and United States Copyright Office and such other documents under applicable law in each jurisdiction as may be necessary or appropriate or, in the opinion of the Administrative Agent, desirable to perfect the Liens created, or purported to be created,

by the Collateral Documents (to the extent required by the Security Agreement);

- (iv) copies of UCC, United States Patent and Trademark Office and United States Copyright Office, tax and judgment lien searches, bankruptcy and pending lawsuit searches or equivalent reports or searches, each of a recent date in each of the jurisdictions set forth in Schedule 11(a) and Schedule 11(b), attached to the Perfection Certificate;
 - (v) with respect to each location set forth on Schedule 5.06 that is not owned in fee simple by a Loan Party or a Subsidiary, a Collateral Access Agreement or bailee letter, as indicated on such schedule; provided that no such Collateral Access Agreement or bailee letter shall be required with respect to any Real Property that could not be obtained after the Loan Party that is the lessee of such Real Property or owner of the inventory or other personal property Collateral stored with the bailee thereof, as applicable, shall have used all commercially reasonable efforts to do so; and
 - (vi) evidence reasonably acceptable to the Administrative Agent of payment or arrangements for payment by the Loan Parties of all applicable recording taxes, fees, charges, costs and expenses required for the recording of the Collateral Documents.
- (h) Real Property Requirements. The Administrative Agent shall have received:
- (i) a Mortgage encumbering each Mortgaged Property in favor of the Administrative Agent, for the benefit of the Secured Parties, duly executed and acknowledged by each Loan Party that is the owner of or holder of any interest in such Mortgaged Property, and otherwise in form for recording in the recording office of each applicable political subdivision where each such Mortgaged Property is situated, together with such certificates, affidavits, questionnaires or returns as shall be required in connection with the recording or filing thereof to create a lien under applicable Requirements of Law, and such financing statements and any other instruments necessary to grant a mortgage lien under the laws of any applicable jurisdiction, all of which shall be in form and substance reasonably satisfactory to Administrative Agent;
 - (ii) with respect to each Mortgaged Property, such consents, approvals, amendments, supplements, estoppels, tenant subordination agreements or other instruments as necessary to consummate the Transactions or as shall reasonably be deemed necessary by the Administrative Agent in order for the owner or holder of the fee or

leasehold interest constituting such Mortgaged Property to grant the Lien contemplated by the Mortgage with respect to such Mortgaged Property;

- (iii) with respect to each Mortgaged Property that is owned in fee, a Title Policy;
- (iv) with respect to each Mortgaged Property that is owned in fee, such affidavits, certificates, information (including financial data) and instruments of indemnification (including a so-called "gap" indemnification) as shall be required to induce the Title Company to issue the Title Policy/ies and endorsements contemplated above;
- (v) evidence reasonably acceptable to the Administrative Agent of payment by Borrower of all Title Policy premiums, search and examination charges, escrow charges and related charges, mortgage recording taxes, fees, charges, costs and expenses required for the recording of the Mortgages and issuance of the Title Policies referred to above;
- (vi) with respect to each Mortgaged Property, copies of all Leases in which any Borrower or any other Loan Party holds the lessor's interest or other agreements relating to possessory interests, if any. Such agreement shall be subordinate to the Lien of the Mortgage to be recorded against such Mortgaged Property, either expressly by its terms or pursuant to a subordination, non-disturbance and attornment agreement, and shall otherwise be acceptable to the Administrative Agent;
- (vii) with respect to each Mortgaged Property, each Loan Party shall have made all notifications, registrations and filings, to the extent required by, and in accordance with, all Governmental Real Property Disclosure Requirements applicable to such Mortgaged Property;
- (viii) a completed Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property.

(i) **Insurance.** The Administrative Agent shall have received a copy of, or a certificate as to coverage under, the insurance policies required by Section 6.09 and the applicable provisions of the Collateral Documents, each of which shall be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable or mortgagee endorsement (as applicable) and shall name the Administrative Agent, on behalf of the Secured Parties, as additional insured, in form and substance reasonably satisfactory to the Administrative Agent.

(j) Litigation. No litigation shall be pending with respect to the Loans or the definitive documentation in respect of the Loans. There shall not exist any judgment, order, injunction or other restraint prohibiting the consummation of the Transactions.

(k) Fees and Expenses. All accrued fees and expenses of the Administrative Agent and the Lenders (including the reasonable out-of-pocket the fees and expenses of Edwards Angell Palmer & Dodge LLP, counsel for the Administrative Agent and of local counsel for the Lenders) shall have been paid.

(l) PATRIOT Act. The Lenders shall have received all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the PATRIOT Act.

(m) Other Documents. The Administrative Agent shall have received such other documents as the Administrative Agent or its counsel may have reasonably requested.

SECTION 4.02. Each Credit Event. The obligation of the Lenders to make a Loan on the occasion of any Borrowing, and to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) Receipt by the Administrative Agent of a Borrowing Request.

(b) The representations and warranties of the Loan Parties set forth in this Agreement shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(c) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing.

(d) After giving effect to any requested Revolving Borrowing or the issuance of any requested Letter of Credit, Revolving Availability is not less than zero.

(e) With respect to any requested Acquisition Borrowing:

- (i) other than with respect to the Acquisition Borrowing made on the Effective Date to refinance the outstanding acquisition loan under the Existing Credit Agreement, the conditions set forth in Section 2.07(b) shall also have been satisfied;
- (ii) after giving effect to the requested Acquisition Borrowing, the Acquisition Availability is not less than zero; and
- (iii) the Administrative Agent has a first perfected lien on all assets of the Loan Parties.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Loan Parties on the date thereof as to the matters specified in paragraphs (a), (b), (c), (d) and (e) of this Section, as applicable.

ARTICLE V

Representations and Warranties

Each Loan Party represents and warrants to the Administrative Agent, each Lender and the LC Issuer that:

SECTION 5.01. Existence, Qualification and Power; Compliance with Laws. Each Loan Party and each Subsidiary thereof (a) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has the organizational power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party and consummate the Transaction, (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, and (d) is in compliance with all Laws, except in each case referred to in clause (b) (i), (c) or (d), to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

SECTION 5.02. Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under (i) any Contractual Obligation (including, without limitation, the Contractual Obligations described in Section 7.01(c)) to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries, except for matters that would not reasonably be expected to have a Material Adverse Effect, or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject, except for matters that would not reasonably be expected to have a Material Adverse Effect, or (c) violate any Law. Each Loan Party and each Subsidiary thereof is in compliance with all Contractual Obligations referred to in clause (b)(i), except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

SECTION 5.03. Governmental Authorization; Other Consents. No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by any Loan Party of this Agreement or any other Loan Document or for the consummation of the Transactions, (b) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (c) the perfection or maintenance of the Liens created under the Collateral Documents (including the priority thereof) or (d) the exercise by any Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral, except for (i) filings necessary to perfect the Liens on

the Collateral granted by the Loan Parties in favor of the Secured Parties, (ii) the approvals, consents, exemptions, authorizations, actions, notices and filings which have been duly obtained, taken, given or made and are in full force, (iii) those approvals, consents, exemptions, authorizations, actions, notices or filings described in the Security Agreement and (iv) those approvals, consents, exemptions, authorizations, actions, notices or filings, the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect. All applicable waiting periods in connection with the Transactions have expired without any action having been taken by any Governmental Authority restraining, preventing or imposing materially adverse conditions upon the Transactions or the rights of the Loan Parties or their Subsidiaries freely to transfer or otherwise dispose of, or to create any Lien on, any properties now owned or hereafter acquired by any of them.

SECTION 5.04. Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

SECTION 5.05. Financial Condition; No Material Adverse Change. (a) Holdings has heretofore furnished to the Administrative Agent its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended April 30, 2007, reported on by the Accountants, and (ii) as of and for the fiscal quarter ended July 31, 2007 certified by a Financial Officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Holdings and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) No event, change or condition has occurred that has had, or could reasonably be expected to have, a Material Adverse Effect, since April 30, 2007.

SECTION 5.06. Properties. (a) As of the date of this Agreement, Schedule 5.06 sets forth the address of each parcel of real property that is owned or leased by each Loan Party and each Subsidiary. Each of such leases and subleases is valid and enforceable in accordance with its terms and is in full force and effect, and no default by any party to any such lease or sublease exists. Each of the Loan Parties and each Subsidiary has good and indefeasible title to, or valid leasehold interests in, all its real and personal property, free of all Liens other than those permitted by Section 7.02 and Liens that are being contested in good faith by appropriate proceedings and for which such Loan Party or such Subsidiary, as applicable, has set aside on its books adequate reserves.

(b) Each Loan Party and each Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property necessary to its business as currently conducted, a correct and complete list of which, as of the date of this

Agreement, is set forth on Schedule 5.06, and the use thereof by the Loan Parties and the Subsidiaries does not infringe in any material respect upon the rights of any other Person, and the Loan Parties' rights thereto are not subject to any licensing agreement or similar arrangement.

SECTION 5.07. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Loan Party, threatened against or affecting the Loan Parties or any of their Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) on any Loan Party or any Subsidiary or (ii) that involve this Agreement or the Transactions.

(b) Except for the Disclosed Matters (i) no Loan Party nor any of its Subsidiaries has received notice of any claim with respect to any material Environmental Liability or knows of any basis for any material Environmental Liability and (ii) and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect on any Loan Party or Subsidiary, no Loan Party nor any of its Subsidiaries (1) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law or (2) has become subject to any Environmental Liability.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

SECTION 5.08. Compliance with Laws and Agreements. Each Loan Party and its Subsidiaries is in compliance with all Requirements of Law applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect on any Loan Party or Subsidiary. No Default has occurred and is continuing.

SECTION 5.09. Investment Company Status. No Loan Party nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 5.10. Taxes. The Loan Parties and their Subsidiaries have timely filed all Federal, state, provincial, foreign and other tax returns and reports required to be filed, and have timely paid all Federal, state, provincial, foreign and other Taxes levied or imposed upon them or their properties, income or assets otherwise due and payable (whether or not shown on any Tax return) including in their capacity as withholding agent, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP and which would not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. There is no proposed Tax assessment against any Loan Party or their Subsidiaries that, if made, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. Gross-up provisions applicable to employee payments in the ordinary course of business or

contained in employment agreements, the agreements to acquire any option, stock or other equity interest in any Loan Party and the Loan Documents, neither any Loan Party nor any Subsidiary thereof is party to any tax sharing agreement that is currently in effect. Each Loan Party and each Subsidiary has made adequate provision in accordance with GAAP for all material taxes not yet due and payable. Neither any Loan Party nor any Subsidiary has ever been a party to any understanding or arrangement constituting a “tax shelter” within the meaning of Section 6662(d)(2)(C)(iii) of the Code or within the meaning of Section 6111(c) or Section 6111(d) of the Code as in effect immediately prior to the enactment of the American Jobs Creation of 2004, or has ever “participated” in a “reportable transaction” within the meaning of Treas. Reg. Section 1.6011-4, except as would not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect. Except any liabilities for taxes of any consolidated, combined or unitary tax group of which any Loan Party is the common parent, neither any Loan Party nor any Subsidiary thereof has any liabilities for the taxes of any Person under Treas. Reg. Section 1.1502-6 or any similar provision of state, local or foreign law, as a transferee or successor, by contract or otherwise, except as would not result in a Material Adverse Effect. Each Loan Party and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except Taxes that are being contested in good faith by appropriate proceedings and for which such Loan Party or such Subsidiary, as applicable, has set aside on its books adequate reserves. No tax liens have been filed and no claims are being asserted with respect to any such taxes.

SECTION 5.11. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. Each of the Loan Parties and their Subsidiaries is in compliance in all material respects with the presently applicable provisions of ERISA, the Code and any other applicable Law with respect to each Plan. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than \$1,000,000.00 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than \$1,000,000.00 the fair market value of the assets of all such underfunded Plans.

SECTION 5.12. Margin Regulations. Neither any Borrower nor any of such Borrower’s Subsidiaries is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulations T, U or X issued by the Board), or extending credit for the purpose of purchasing or carrying margin stock.

SECTION 5.13. Disclosure. The Borrowers have disclosed to the Administrative Agent, the Lenders and the LC Issuer all material agreements, instruments and corporate or other restrictions to which it or any Subsidiary is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect on any Loan Party or any Subsidiary. Neither the Perfection Certificate nor any of the other reports, financial statements, certificates or other information furnished by or on behalf of

any Loan Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrowers represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time delivered and, if such projected financial information was delivered prior to the Effective Date, as of the Effective Date.

SECTION 5.14. Material Agreements. All material agreements and contracts to which any Loan Party is a party or is bound as of the date of this Agreement are listed on Schedule 5.14. No Loan Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any material agreement to which it is a party or (ii) any agreement or instrument evidencing or governing Indebtedness.

SECTION 5.15. Solvency. (a) Immediately after the consummation of the Transactions to occur on the Effective Date, (i) the fair value of the assets of each Loan Party, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise, (ii) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured, and (iv) each Loan Party will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted after the Effective Date.

(b) No Loan Party intends to, or will permit any of its Subsidiaries to, or believes that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary. No Loan Party will permit any of its Subsidiaries to incur debts beyond its ability to pay such debts as they mature, if, as a result of doing so, it could be reasonably expected to have a Material Adverse Effect on any Loan Party or Subsidiary.

SECTION 5.16. Insurance. Schedule 5.16 sets forth a description of all insurance maintained by or on behalf of the Loan Parties and the Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid. The Borrowers believe that the insurance maintained by or on behalf of the Loan Parties and Subsidiaries is adequate. Each Loan Party has caused its Subsidiaries to maintain with financially sound and reputable carriers having a financial strength rating of at least A- by A.M. Best Company adequate insurance in such amounts and for such risks where the failure to do so could be reasonably expected to have a Material Adverse Effect on any Loan Party or Subsidiary.

SECTION 5.17. Capitalization and Subsidiaries. Schedule 5.17 sets forth (a) a correct and complete list of the name and relationship to Holdings of each and all of Holdings'

Subsidiaries, (b) a true and complete listing of each class of each of Holdings' authorized Equity Interests, of which all of such issued shares are validly issued, outstanding, fully paid and non-assessable, and owned beneficially and of record by the Persons identified on Schedule 3.15, and (c) the type of entity of Holdings and each of its Subsidiaries. All of the issued and outstanding Equity Interests owned by any Loan Party has been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and is fully paid and non-assessable.

SECTION 5.18. Security Interest in Collateral.

(a) Security Agreement. The Security Agreement is effective to create in favor of the Administrative Agent for the benefit of the Secured Parties, legal and valid Liens on, and security interests in, the Collateral described therein and (i) when financing statements and other filings in appropriate form are filed in the offices specified on Schedule 6 to the Perfection Certificate, (ii) upon the taking of possession or control by the Administrative Agent of the Collateral described therein with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Administrative Agent to the extent possession or control by the Administrative Agent is required by the Security Agreement), (iii) upon recording by the Administrative Agent of its Lien on the certificates of title of motor vehicles and (iv) upon compliance with the applicable perfection requirements of the laws of jurisdictions other than the United States with respect to Collateral as to which perfection of the Agent's Lien thereon is not subject to the laws of the United States, the Liens created by the Security Agreement shall (to the extent provided therein) constitute perfected first priority Liens on, and security interests in, all right, title and interest of the grantors in the Collateral described therein (other than such Collateral in which a security interest cannot be perfected under the UCC as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Encumbrances and Liens otherwise permitted by Section 7.02.

(b) PTO Filing; Copyright Office Filing. When the Security Agreement or a short form of either is duly filed in, as appropriate, the United States Patent and Trademark Office, the United States Copyright Office, or in a similar office maintained by a foreign Governmental Authority, the Liens created by such Loan Documents shall constitute fully perfected first priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in Patents and Trademarks (each as defined in the Security Agreement) registered or applied for with the United States Patent and Trademark Office, or in a similar office maintained by a foreign Governmental Authority, and Copyrights (as defined in the Security Agreement) registered or applied for with the United States Copyright Office, or in a similar office maintained by a foreign Governmental Authority, as the case may be, in each case subject to no Liens other than Permitted Encumbrances.

(c) Mortgages. Each Mortgage is effective to create, in favor of the Administrative Agent, for its benefit and the benefit of the Secured Parties, legal and valid Liens on, and security interests in, all of the Loan Parties' right, title and interest in and to the Mortgaged Properties thereunder and the proceeds thereof, subject only to Permitted Encumbrances or other Liens acceptable to the Administrative Agent, and when the Mortgages are duly filed in the offices specified in the local counsel opinion delivered with respect thereto

in accordance with the provisions of Sections 4.01 or 6.13, the Mortgages shall (to the extent provided therein) constitute perfected first priority Liens on, and security interests in, all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, in each case prior in right to any other Person, other than Liens permitted by such Mortgage.

SECTION 5.19. Employment Matters. As of the Effective Date, there are no strikes, lockouts or slowdowns against any Loan Party or any Subsidiary pending or, to the knowledge of the Loan Parties, threatened. The hours worked by and payments made to employees of the Loan Parties and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from any Loan Party or any Subsidiary, or for which any claim may be made against any Loan Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Loan Party or such Subsidiary. There are no collective bargaining agreements or Multiemployer Plans covering the employees of Holdings or any of its Subsidiaries as of the Effective Date and neither Holdings nor any Subsidiary has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years.

SECTION 5.20. Affiliate Transactions. Except as set forth on Schedule 5.20, as of the Effective Date, there are no existing or proposed agreements, arrangements, understandings, or transactions between any Loan Party and any of the officers, members, managers, directors, stockholders, parents, other interest holders, employees, or Affiliates (other than Subsidiaries) of any Loan Party or any members of their respective immediate families, and none of the foregoing Persons are directly or indirectly indebted to or have any direct or indirect ownership, partnership, or voting interest in any Affiliate of any Loan Party or any Person with which any Loan Party has a business relationship or which competes with any Loan Party.

SECTION 5.21. OFAC; PATRIOT Act.

(a) No Loan Party or Subsidiary (i) is or will become a Person whose Property or interests in property are blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) engages or will engage in any dealings or transactions prohibited by Section 2 of such Executive Order, or be otherwise associated with any such Person in any manner violative of Section 2, or (iii) will otherwise become a Person on the list of Specifically Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other OFAC regulation or executive order.

(b) The Loan Parties and their Subsidiaries are in compliance in all material respects with the Patriot Act. No part of the proceeds of the Loans hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

SECTION 5.22. Intellectual Property Matters. Each Loan Party owns, or is licensed to use, all patents, patent applications, trademarks, trade names, service marks, copyrights, technology, trade secrets, proprietary information, domain names, know-how and processes necessary for the conduct of its business as currently conducted (the "Intellectual Property"), except for those the failure to own or license which, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. To the knowledge of each Loan Party, no claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor to the knowledge of each Loan Party does the use of such Intellectual Property by each Loan Party infringe the rights of any Person, except for such claims and infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.23. Use of Proceeds. The Borrowers will use the proceeds of the Loans to effect the Transactions and pay related fees and expenses and as otherwise permitted by section 6.08.

ARTICLE VI

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements and LC Borrowings shall have been reimbursed, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the Loan Parties, with the Administrative Agent, the Lenders and the LC Issuer that:

SECTION 6.01. Financial Statements; Borrowing Base and Other Information. The Borrower Representative will furnish to the Administrative Agent:

(a) within one hundred twenty (120) days after the end of each fiscal year of Holdings, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows and consolidating balance sheet and income statement as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by the Accountants (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated and consolidating financial statements present fairly in all material respects the financial condition and results of operations of Holdings and its consolidated Subsidiaries on a consolidated and consolidating basis in accordance with GAAP consistently applied, accompanied by any management letter prepared by said Accountants;

(b) within forty-five (45) days after the end of each of the first three fiscal quarters of Holdings, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows and consolidating balance sheet and income statement as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the

case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of Holdings and its consolidated Subsidiaries on a consolidated and consolidating basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a Compliance Certificate (i) certifying, in the case of the financial statements delivered under clause (a) or (b), as presenting fairly in all material respects the financial condition and results of operations of Holdings and its Subsidiaries on a consolidated and consolidating basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, (ii) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (iii) setting forth reasonably detailed calculations demonstrating compliance with Section 7.12, and (iv) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 5.05 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) within one hundred and twenty (120) days after the end of each fiscal year of each Operating Company, its management prepared consolidating balance sheet and related statements of operations as of the end of and for the fiscal year most recently ended, setting forth in each case in comparative form the figures as of the end of the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of such Operating Company and its consolidated Subsidiaries on a consolidated and consolidating basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(e) as soon as available, but in any event not later than ninety-two (92) days after the beginning of each fiscal year of Holdings, a copy of the plan and forecast (including a projected consolidated balance sheet, income statement and cash flow statement and a consolidating balance sheet and income statement) of Holdings for each such fiscal year (the "Projections") in form reasonably satisfactory to the Administrative Agent;

(f) as soon as available but in any event within thirty (30) days of the end of each calendar month, and at such other times as may be requested by the Administrative Agent, as of the period then ended, a consolidating Borrowing Base Certificate for the Operating Companies and supporting information in connection therewith, together with any additional reports with respect to the Borrowing Base as the Administrative Agent may reasonably request;

(g) as soon as available but in any event within thirty (30) days of the end of each calendar month and at such other times as may be requested by the Administrative Agent, as of the period then ended, all delivered in a format acceptable to the Administrative Agent:

- (i) a detailed aging of each Operating Company's Accounts (1) including all invoices aged by invoice date and due date (with an explanation of the terms offered) and, if requested by the

Administrative Agent, (2) reconciled to the Borrowing Base Certificate delivered as of such date prepared in a manner reasonably acceptable to the Administrative Agent, together with a summary specifying the name, address, and balance due for each Account Debtor;

- (ii) if requested by the Administrative Agent, a schedule detailing the Inventory of each Operating Company, in form satisfactory to the Administrative Agent, (1) by location (showing Inventory in transit, any Inventory located with a third party under any consignment, bailee arrangement, or warehouse agreement), by class (raw material, work-in-process and finished goods), by product type, and by volume on hand, which Inventory shall be valued at the lower of cost (determined on a first-in, first-out basis) or market and adjusted for Reserves as the Administrative Agent has previously indicated to the Borrower Representative are deemed by the Administrative Agent to be appropriate, (2) including a report of any variances or other results of Inventory counts performed by each Operating Company since the last Inventory schedule (including information regarding sales or other reductions, additions, returns, credits issued by such Operating Company and complaints and claims made against such Operating Company), and (3) reconciled to the Borrowing Base Certificate delivered as of such date;
- (iii) a worksheet of calculations prepared by the Borrower Representative to determine Eligible Accounts and Eligible Inventory, such worksheets detailing the Accounts and Inventory excluded from Eligible Accounts and Eligible Inventory and the reason for such exclusion;
- (iv) a reconciliation of each Operating Company's Accounts and Inventory between the amounts shown in such Operating Company's general ledger and financial statements and the reports delivered pursuant to clauses (i) and (ii) above; and
- (v) a reconciliation of the loan balance per the Borrower Representative's general ledger to the loan balance under this Agreement;

(h) as soon as available but in any event within thirty (30) days of the end of each calendar month and at such other times as may be requested by the Administrative Agent, as of the month then ended, a schedule and aging of each Operating Company's accounts payable, delivered electronically in a text formatted file acceptable to the Administrative Agent;

(i) if requested by the Administrative Agent, a list of all customer names, addresses and contact information, delivered in a format acceptable to the Administrative Agent;

(j) promptly upon the Administrative Agent's request:

- (i) copies of invoices in connection with the invoices issued by any Operating Company in connection with any Accounts, credit memos, shipping and delivery documents, and other information related thereto;
- (ii) copies of purchase orders, invoices, and shipping and delivery documents in connection with any Inventory purchased by any Loan Party; and
- (iii) a schedule detailing the balance of all intercompany accounts of the Loan Parties;

(k) promptly following the formation of any Subsidiary, information regarding such Subsidiary so that such Subsidiary may become a Loan Party;

(l) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Holdings or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, as the case may be;

(m) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrowers or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent may reasonably request; and

(n) in lieu of providing hard copies of the documents Holdings is required to deliver pursuant to paragraph (l) above, Holdings shall be deemed to have delivered the reports, proxy statements and other material to the Administrative Agent at such time such reports, proxy statements and other material are posted to the internet or filed with the Securities and Exchange Commission; provided, however, access to such documents must be (i) available free of charge; (ii) exist in a format downloadable by the Administrative Agent (as determined by the Administrative Agent); and (iii) downloadable by the Administrative Agent or if such statements are not in a format downloadable by the Administrative Agent then upon notice by the Administrative Agent, Holdings will provide copies of such postings or filings.

SECTION 6.02. Notices of Material Events. The Borrower Representative will furnish to the Administrative Agent prompt written notice of the following:

(a) the occurrence of any Default or Event of Default;

(b) receipt of any notice of any governmental investigation or any litigation commenced or threatened against any Loan Party or Subsidiary that (i) seeks damages in excess of \$2,000,000.00, (ii) seeks injunctive relief, (iii) is asserted or instituted against any Plan, its fiduciaries or its assets, (iv) alleges criminal misconduct by any Loan Party or Subsidiary, (v) alleges the violation of any law regarding, or seeks remedies in connection with, any

- Environmental Laws, (vi) contests any tax, fee, assessment, or other governmental charge in excess of \$1,000,000.00, or (vii) involves any product recall;
- (c) any Lien (other than Permitted Encumbrances) or claim made or asserted against any of the Collateral;
 - (d) any loss, damage, or destruction to the Collateral in the amount of \$2,000,000.00 or more, whether or not covered by insurance;
 - (e) any and all default notices received under or with respect to any leased location or public warehouse where Collateral is located (which shall be delivered within two (2) Business Days after receipt thereof);
 - (f) all material amendments to any Material Agreement together with a copy of each such amendment;
 - (g) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding \$1,000,000.00; and
 - (h) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 6.03. Existence; Conduct of Business. Each Loan Party will, and will cause each Subsidiary to, (a) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, qualifications, licenses, permits, franchises, governmental authorizations, intellectual property rights, licenses and permits material to the conduct of its business, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is presently conducted; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.03 and (b) carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted.

SECTION 6.04. Payment of Obligations. Each Loan Party will, and will cause each Subsidiary to, pay or discharge all Material Indebtedness and all other material liabilities and obligations, including Taxes, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Loan Party or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) such liabilities would not result in aggregate liabilities in excess of \$1,000,000.00 and none of the Collateral becomes subject to forfeiture or loss as a result of the contest.

SECTION 6.05. Maintenance of Properties. Each Loan Party will, and will cause each Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 6.06 Books and Records; Inspection Rights. Each Loan Party will, and will cause each Subsidiary to, (i) keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities and (ii) permit any representatives designated by the Administrative Agent (including employees of the Administrative Agent, or any consultants, accountants, lawyers and appraisers retained by the Administrative Agent), upon reasonable prior notice and during regular business hours, to visit and inspect its properties, to examine and make extracts from its books and records, including environmental assessment reports and Phase I or Phase II studies, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested. The Loan Parties acknowledge that the Administrative Agent, after exercising its rights of inspection, may prepare certain Reports pertaining to the Loan Parties' assets for internal use by the Administrative Agent. Each Loan Party will permit the Administrative Agent to conduct field audit examinations of the Loan Party's assets, liabilities, books and records at a frequency not less than once every 365 days; provided further that the Loan Party will permit the Administrative Agent to conduct such examinations at any reasonable time and with any reasonable frequency after a Default. In connection with such field audits, the Loan Party will permit the Administrative Agent to make test verifications of the Accounts with the Loan Party's customers.

SECTION 6.07. Compliance with Laws. Each Loan Party will, and will cause each Subsidiary to, comply with all Requirements of Law applicable to it or its property.

SECTION 6.08. Use of Proceeds and Letters of Credit. The proceeds of the Revolving Loans will be used only for general working capital purposes, the repayment of Acquisition Loans and/or the payment of fees and expenses incurred in connection with the closing of the Loans. The proceeds of the Term Loan will be used only to refinance the Existing Term Loan. The proceeds of the Real Estate Loan will be used only to refinance the Existing Real Estate Loan. No Acquisition Loan shall be used for any purpose other than as set forth in Section 2.07. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, (i) for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X or (ii) to make any Acquisition other than Permitted Acquisitions.

SECTION 6.09. Insurance. (a) Generally. Each Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable carriers having a financial strength rating of at least A- by A.M. Best Company (i) insurance in such amounts (with no greater risk retention) and against such risks (including (A) loss or damage by fire and loss in transit; (B) theft, burglary, pilferage, larceny, embezzlement, and other criminal activities; (C) business interruption; (D) general liability and (E) and such other hazards), as is customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations and (ii) all insurance required pursuant to the Collateral Documents. The Borrowers will furnish to the Administrative Agent information in reasonable detail as to the insurance so maintained.

(b) Requirements of Insurance. All such insurance shall (i) provide that no cancellation, reduction in amount or change in coverage thereof shall be effective until at least 30 days (or 10 days for nonpayment of premiums) after receipt by the Administrative Agent of written notice thereof, (ii) name the Administrative Agent as additional insured on behalf of the Administrative Agent and the Secured Parties (in the case of liability insurance) or loss payee (in the case of property insurance), as applicable, and (iii) be reasonably satisfactory in all other respects to the Administrative Agent.

(c) Flood Insurance. The Borrowers will, and shall cause each Subsidiary to, with respect to each Mortgaged Property, obtain flood insurance in such total amount as the Administrative Agent may from time to time reasonably require, except that such total amount shall not exceed the principal amount of the outstanding Indebtedness secured by such Mortgaged Property, if at any time the area in which any improvements are located on any Mortgaged Property is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency, and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as amended from time to time.

SECTION 6.10. Casualty and Condemnation. The Borrowers (a) will furnish to the Administrative Agent prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents.

SECTION 6.11. Appraisals. At any time that the Administrative Agent requests, the Loan Parties will provide the Administrative Agent with appraisals or updates thereof of the Inventory, equipment, intellectual property and real property from an appraiser selected and engaged by the Administrative Agent, and prepared on a basis satisfactory to the Administrative Agent, such appraisals and updates to include, without limitation, information required by applicable law and regulations; provided, however, that if no Event of Default has occurred and is continuing, the Administrative Agent may require one appraisal of each type per calendar year, each of which shall be at the sole expense of the Loan Parties.

SECTION 6.12. Depository Banks. Each Borrower and each Domestic Subsidiary will maintain TD Banknorth, N.A. as a principal depository bank, including for the maintenance of operating, administrative, cash management, collection activity, and other deposit accounts for the conduct of its business. Schedule 6.12 sets forth the details for all deposit and investments accounts maintained by each Borrowers and each Domestic Subsidiary at any bank or financial institution other than TD Banknorth, N.A.

SECTION 6.13. Additional Collateral; Further Assurances. (a) Subject to applicable law, each Borrower and each Domestic Subsidiary that is or becomes a Loan Party shall, unless the Administrative Agent otherwise consents, cause each Domestic Subsidiary of Holdings formed or acquired after the date of this Agreement in accordance with the terms of

this Agreement to become a Loan Party by executing the Joinder Agreement set forth as Exhibit N hereto (the “Joinder Agreement”). Upon execution and delivery thereof, each such Person (i) shall become a Loan Party by executing and delivering a Guaranty and thereupon shall have all of the rights, benefits, duties, and obligations in such capacity under the Loan Documents and (ii) will grant Liens to the Administrative Agent, in any property of such Loan Party which constitutes Collateral, including any parcel of real property located in the U.S. owned by any Loan Party by executing and delivering Collateral Documents.

(b) The Borrowers and each Domestic Subsidiary that is or becomes a Loan Party will cause (i) 100% of the issued and outstanding Equity Interests of each of its Domestic Subsidiaries, (ii) 65% of the issued and outstanding Equity Interests of each of its Foreign Subsidiaries (or such greater percentage that, due to a change in applicable law after the date hereof, (1) could not reasonably be expected to cause the undistributed earnings of such Foreign Subsidiary as determined for U.S. federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary’s U.S. parent and (2) could not reasonably be expected to cause any material adverse tax consequences) entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and (iii) 100% of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary directly owned by a Borrower or any Domestic Subsidiary to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent pursuant to the terms and conditions of the Loan Documents or other Collateral Documents as the Administrative Agent shall reasonably request. Notwithstanding the foregoing, at any time after an Event of Default has occurred and is continuing, each Loan Party will, upon the request of the Administrative Agent, cause each Foreign Subsidiary to become a Loan Party and to grant Liens to the Administrative Agent on its assets and have the balance of its stock pledged to the Administrative Agent.

(c) Without limiting the foregoing, each Loan Party will, and will cause each Subsidiary to, execute and deliver, or cause to be executed and delivered, to the Administrative Agent such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents and such other actions or deliveries of the type required by Section 4.01, as applicable), which may be required by law or which the Administrative Agent may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Collateral Documents, all at the expense of the Loan Parties.

(d) If any material assets (including any Equity Interests and any real property or improvements thereto or any interest therein) are acquired by the Borrower or any Domestic Subsidiary that is or becomes a Loan Party after the Effective Date (other than assets constituting Collateral under any Collateral Document that become subject to the Lien in favor of the Administrative Agent under any Collateral Document upon acquisition thereof), the Borrower Representative will notify the Administrative Agent, and, if requested by the Administrative Agent, the Borrowers will cause such assets to be subjected to a Lien securing the Obligations and will take, and cause such Domestic Subsidiary to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (c) of this Section, all at the expense of the Loan Parties.

ARTICLE VII

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Loan Parties covenant and agree, jointly and severally, with the Administrative Agent, the Lenders and the LC Issuer that:

SECTION 7.01 Indebtedness. No Loan Party will, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness existing on the date hereof and set forth in Schedule 7.01(b) and extensions, renewals and replacements of any such Indebtedness in accordance with clause (f) hereof;

(c) Indebtedness that is unsecured and subordinated to the Obligations on terms satisfactory to the Administrative Agent in its Permitted Discretion, including, without limitation, the subordinated debt incurred by Holdings as more particularly described on Schedule 7.01(c); provided that after giving effect to the incurrence of such Indebtedness, the Borrowers will remain in compliance with Section 7.12;

(d) Indebtedness of any Borrower to any Domestic Subsidiary and of any Domestic Subsidiary to any Borrower or any other Domestic Subsidiary, provided that (i) Indebtedness of any Subsidiary that is a Loan Party shall be subject to Section 6.04 and (ii) Indebtedness of any Borrower to any Subsidiary shall be subordinated to the Obligations on terms reasonably satisfactory to the Administrative Agent;

(e) Indebtedness of any Borrower or any Subsidiary incurred to finance the acquisition of any capital assets (constituting purchase money Indebtedness), including Capital Lease Obligations, and extensions, renewals and replacements of any such Indebtedness in accordance with clause (f) hereof; provided that after giving effect to the incurrence of such Indebtedness, the Companies will remain in compliance with Section 7.12;

(f) Indebtedness which represents an extension, refinancing, or renewal of any of the Indebtedness described in clause (b) hereof; provided that, (i) the principal amount or interest rate of such Indebtedness is not increased, (ii) any Liens securing such Indebtedness are not extended to any additional property of any Loan Party, (iii) no Loan Party that is not originally obligated with respect to repayment of such Indebtedness is required to become obligated with respect thereto, (iv) such extension, refinancing or renewal does not result in a shortening of the average weighted maturity of the Indebtedness so extended, refinanced or renewed, (v) the terms of any such extension, refinancing, or renewal are not less favorable to the obligor thereunder than the original terms of such Indebtedness and (iv) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension Indebtedness must

include subordination terms and conditions that are at least as favorable to the Administrative Agent as those that were applicable to the refinanced, renewed, or extended Indebtedness;

(g) Indebtedness owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;

(h) Indebtedness of any Borrower or any Subsidiary in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case provided in the ordinary course of business; and

(i) Guarantees made by any Loan Party on behalf of any Subsidiary, provided that after giving effect thereto, the Companies will remain in compliance with Section 7.12.

SECTION 7.02. Liens. No Loan Party will, nor will it permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Liens created pursuant to any Loan Document;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of any Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 7.02(c); provided that (i) such Lien shall not apply to any other property or asset of any Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on capital assets acquired by any Borrower or any Subsidiary; provided that (i) such security interests secure Indebtedness permitted by clause (e) of Section 7.01, and (ii) such security interests shall not apply to any other property or assets of any Borrower or any Subsidiary;

(e) in connection with any Acquisition, any Lien on personal property of the acquisition target with respect to Capital Lease Obligations or purchase money Indebtedness existing prior to acquisition by Holdings or any Subsidiary, provided that (i) such Lien shall be limited to the assets financed by such capital lease or purchase money Indebtedness, (ii) such Lien shall not apply to the inventory, accounts and general intangibles of the acquisition target, (iii) such Lien shall not apply or extend to any other assets or property of any Loan Party, (iv) such Lien shall secure only those obligations it secures on the date of such acquisition, including any extensions, renewals and replacements thereof, and no future obligations, and (v) such Lien was not granted in contemplation of or in connection with such Acquisition;

(f) Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the Uniform Commercial Code in effect in the relevant jurisdiction covering only the items being collected upon;

(g) Liens arising out of sale and leaseback transactions permitted by Section 7.06.; and

(h) Liens in favor of RBS Citizens, National Association in cash collateral held by them in the amount of \$125,000.00, to secure TCAC's reimbursement obligations under a certain letter of credit issued for the account of TCAC.

Notwithstanding the foregoing, none of the Liens permitted pursuant to this Section 7.02 may at any time attach to any Loan Party's (1) Accounts, other than those permitted under clause (a) of the definition of Permitted Encumbrance and clause (a) above and (2) Inventory, other than those permitted under clauses (a) and (b) of the definition of Permitted Encumbrance and clause (a) above.

SECTION 7.03. Fundamental Changes. (a) No Loan Party will, nor will it permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing, (i) any Subsidiary of any Borrower may merge into such Borrower in a transaction in which such Borrower is the surviving corporation, (ii) any Loan Party (other than the Borrower) may merge into any Loan Party in a transaction in which the surviving entity is a Loan Party and (iii) any Subsidiary that is not a Loan Party may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrowers and is not materially disadvantageous to the Administrative Agent; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 7.04.

(b) No Loan Party will, nor will it permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by such Loan Party or such Subsidiary on the date of execution of this Agreement and businesses reasonably related thereto.

(c) Holdings will not engage in any business or activity other than the ownership of all the outstanding shares of capital stock of S&W Corp., Thompson Holding and the other Subsidiaries and activities incidental thereto. Holdings will not own or acquire any assets (other than Equity Interests of S&W Corp., Thompson Holding or other Subsidiaries as permitted hereunder and the cash proceeds of any Restricted Payments permitted by Section 7.08) or incur any liabilities (other than liabilities under the Loan Documents and liabilities reasonably incurred in connection with its maintenance of its existence), except in accordance with this Agreement.

SECTION 7.04. Investments, Loans, Advances, Guarantees and Acquisitions. No Loan Party will, nor will it permit any Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a Loan Party and a wholly owned Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one

transaction or a series of transactions) any assets of any other Person constituting a business unit (whether through purchase of assets, merger or otherwise), except:

- (a) investments described in clauses (a) through (e) of the definition of Permitted Investments, subject to control agreements in favor of the Administrative Agent or otherwise subject to a perfected security interest in favor of the Administrative Agent;
- (b) investments in existence on the date of this Agreement and described in Schedule 7.04(b);
- (c) investments by Holdings in the S&W Corp. and Thompson Holding, and by S&W Corp. and Thompson Holding in Equity Interests in their respective Subsidiaries other than in Smith & Wesson, Inc., Smith & Wesson Distributing Inc. and Smith & Wesson Firearms Training Centre GmbH, provided that any such Equity Interests held by a Loan Party in any Subsidiary other than Smith & Wesson Firearms Training Centre GmbH shall be pledged pursuant to this Agreement;
- (d) loans or advances made by any Borrower to any Domestic Subsidiary and made by any Subsidiary to any Borrower or any other Domestic Subsidiary;
- (e) guarantees constituting Indebtedness permitted by Section 7.01(i) or arising by endorsement of items for deposit or collection received in the ordinary course of business;
- (f) investments by Holdings in any Subsidiary to the extent required to make a Permitted Acquisition in accordance with the terms of this Agreement, provided with respect to any Foreign Subsidiary, such Foreign Subsidiary must have the capacity to obtain its own financing without recourse to any Loan Party;
- (g) <Intentionally omitted>;
- (h) subject to Section 8.02 hereof, notes payable, or stock or other securities issued by Account Debtors to a Loan Party pursuant to negotiated agreements with respect to settlement of such Account Debtor's Accounts in the ordinary course of business, consistent with past practices;
- (i) investments in the form of Swap Agreements permitted by Section 7.07;
- (j) investments of any Person existing at the time such Person becomes a Subsidiary of the Borrower or consolidates or merges with such Borrower or any of the Subsidiaries so long as such investments were not made in contemplation of such Person becoming a Subsidiary or of such merger;
- (k) investments received in connection with the dispositions of assets permitted by Section 7.05;
- (l) investments constituting deposits described in clauses (c) and (d) of the definition of the term "Permitted Encumbrances;" and

(m) investments described on Schedule 7.04 (m).

SECTION 7.05. Asset Sales. No Loan Party will, nor will it permit any Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will any Borrower permit any Subsidiary to issue any additional Equity Interest in such Subsidiary (other than to a Borrower or another Subsidiary in compliance with Section 7.04), except:

(a) sales, transfers and dispositions of (i) inventory in the ordinary course of business and (ii) used, obsolete, worn out or surplus equipment or property in the ordinary course of business;

(b) sales, transfers and dispositions to a Borrower or any other Loan Party;

(c) sales, transfers and dispositions of accounts receivable in connection with the compromise, settlement or collection thereof;

(d) sales, transfers and dispositions of investments permitted by clauses (h) and (j) of Section 7.04;

(e) sale and leaseback transactions permitted by Section 7.06;

(f) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any Borrower or any Subsidiary; and

(g) sales, transfers and other dispositions of assets (other than Equity Interests in a Subsidiary unless all Equity Interests in such Subsidiary are sold) that are not permitted by any other paragraph of this Section, provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance upon this paragraph (g) shall not exceed \$2,000,000 during any fiscal year of the Borrower;

provided that all sales, transfers, leases and other dispositions permitted hereby (other than those permitted by paragraphs (b) and (f) above) shall be made for fair value and for at least 100% cash consideration.

SECTION 7.06. Sale and Leaseback Transactions. No Loan Party will, nor will it permit any Subsidiary to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred, except as permitted by Schedule 7.06 and except for any such sale of any fixed or capital assets by the Borrower or any Subsidiary that is made for cash consideration in an amount not less than the fair value of such fixed or capital asset and is consummated within ninety (90) days after the Borrower or such Subsidiary acquires or completes the construction of such fixed or capital asset.

SECTION 7.07. Swap Agreements. No Loan Party will, nor will it permit any Subsidiary to, enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which a Borrower or any Subsidiary has actual exposure (other than those in respect of Equity Interests of the Borrower or any of its Subsidiaries), (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of any Borrower or any Subsidiary, and (c) Foreign Exchange Obligations.

SECTION 7.08. Restricted Payments; Certain Payments of Indebtedness. (a) No Loan Party will, nor will it permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except (i) the Borrowers may declare and pay dividends with respect to their common stock payable solely in additional shares of its common stock and in cash to the extent after giving effect thereto the Loan Parties will remain in compliance with Section 7.12, and (ii) Subsidiaries may declare and pay dividends ratably with respect to their Equity Interests.

(b) No Loan Party will, nor will it permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Indebtedness, except:

- (i) payment of Indebtedness created under the Loan Documents;
- (ii) with the prior written consent of the Administrative Agent, and after satisfying the requirements of Section 2.17(c) and (e), payment of Indebtedness permitted by Section 7.01 with the proceeds of the issuance of Equity Interests;
- (iii) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness (subject to any subordination agreements);
- (iv) with the prior written consent of the Administrative Agent, prepayment of Indebtedness permitted by Section 7.01 provided that (A) no Default or Event of Default has occurred and is continuing; and (B) the making of such prepayment will not result in the occurrence of a Default or Event of Default after giving effect thereto;
- (v) refinancings of Indebtedness to the extent permitted by Section 7.01; and
- (vi) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness.

SECTION 7.09. Transactions with Affiliates. No Loan Party will, nor will it permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions that (i) are in the ordinary course of business and (ii) are at prices and on terms and conditions not less favorable to a Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among a Borrower and any Subsidiary that is a Loan Party not involving any other Affiliate, (c) any loan, advance or investment permitted by Sections 7.04(c), 7.04(d) or 7.04(f), (d) any Indebtedness permitted under Sections 7.01(d) and 7.01(i), (e) any Restricted Payment permitted by Section 7.08, (f) loans or advances to employees permitted under Section 7.04, (g) the payment of reasonable fees to directors of any Borrower or any Subsidiary who are not employees of such Borrower or such Subsidiary, and compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of any Borrower or its Subsidiaries in the ordinary course of business and (h) any issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans approved by any Borrower's board of directors.

SECTION 7.10. Restrictive Agreements. No Loan Party will, nor will it permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Loan Party or any of its Subsidiaries to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to any Borrower or any other Subsidiary or to Guarantee Indebtedness of any Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 7.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 7.11. Amendment of Organizational Documents. No Loan Party will, nor will it permit any Subsidiary to, amend, modify or waive any of its rights under its Organization Documents.

SECTION 7.12. Financial Covenants.

(a) Consolidated Fixed Charge Coverage Ratio. The Companies will not permit the Consolidated Fixed Charge Coverage Ratio, determined for any Test Period ending on October 31, 2007 and each fiscal quarter thereafter, to be less than 1.50:1.00.

(b) Consolidated Leverage Ratio. The Companies will not permit the Consolidated Leverage Ratio, determined for any Test Period ending on any date during any period set forth below, to be more than the ratio set forth below opposite such period:

<u>Period</u>	<u>Ratio</u>
October 31, 2007, January 31, 2008, April 30, 2008 and July 31, 2008	3.50:1.00
October 31, 2008 and each fiscal quarter thereafter	3.00:1.00

ARTICLE VIII

Events of Default

SECTION 8.01. Events of Default. If any of the following events ("**Events of Default**") shall occur:

(a) any Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any Letter of Credit when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise, and such failure shall continue unremedied for a period of five (5) days;

(b) any Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) days;

(c) any representation or warranty made or deemed made by or on behalf of any Loan Party or any Subsidiary in or in connection with this Agreement or any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been materially incorrect when made or deemed made;

(d) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in Section 6.02(a), 6.03 (with respect to a Loan Party's existence) or 6.08 or in Article VII;

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those which constitute a default under another Section of this Article), and such failure shall continue unremedied for a period of (i) five (5) Business Days after the earlier of knowledge of such breach or notice thereof from the Administrative Agent if such breach relates to terms or provisions of Section 6.02 (other than Section 6.02(a)), 6.03 through 6.07, 6.09, 6.10 or 6.12 of this Agreement or (ii) thirty (30) days after the earlier of knowledge of such breach or notice thereof from the Administrative Agent if such breach relates to terms or provisions of any other Section of this Agreement;

(f) any Loan Party or any Subsidiary shall fail to make any payment within 10 days (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of a Loan Party or any Subsidiary, or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Loan Party or any Subsidiary of any Loan Party or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Loan Party or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for such Loan Party or Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Loan Party or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount of \$2,000,000.00 or more (not paid or fully covered by insurance as to which the relevant insurance company has acknowledged coverage) shall be rendered against any Loan Party or any Subsidiary or any combination thereof and the same shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Loan Party or any Subsidiary to enforce any such judgment or any Loan Party or any Subsidiary shall fail within sixty (60) days to discharge one or more non-monetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgments or orders, in any such case, are not stayed on appeal or otherwise being appropriately contested in good faith by proper proceedings diligently pursued;

(l) an ERISA Event shall have occurred that, in the opinion of the Administrative Agent, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of a Borrower or any Subsidiary in an aggregate amount exceeding \$1,000,000.00;

(m) a Change in Control shall occur;

(n) the occurrence of any "default", as defined in any Loan Document (other than this Agreement) or the breach of any of the terms or provisions of any Loan Document

(other than this Agreement), which default or breach continues beyond any period of grace therein provided;

(o) any Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Guaranty, or any Loan Party shall fail to comply with any of the terms or provisions of the Guaranty to which it is a party, or any Loan Party shall deny that it has any further liability under the Guaranty to which it is a party, or shall give notice to such effect;

(p) any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any Collateral purported to be covered thereby, except as permitted by the terms of any Collateral Document, or any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document, or any Loan Party shall fail to comply with any of the terms or provisions of any Collateral Document;

(q) any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (or any Loan Party shall challenge the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction based on any such assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms);

(r) any one or more material licenses, permits or authorizations now or hereafter held by any Loan Party permitting the manufacture and/or sale of firearms shall be terminated, suspended or revoked or shall not be renewed, which terminations, suspensions, revocations or failures to renew would, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect; or

(s) any Loan Party or any Subsidiary shall fail to make any payment (regardless of amount) in respect of any Cash Management Obligation, Swap Obligation or Foreign Exchange Obligation, and such failure shall continue unremedied for a period of five (5) days.

SECTION 8.02. Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the LC Issuer to issue Letters of Credit to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers;

(c) require that the Borrowers cash collateralize the LC Exposure as provided in Section 2.09(h); and

(d) exercise on behalf of itself, the Lenders and the LC Issuer all rights and remedies available to it, the Lenders, the LC Issuer and the other Secured Parties under the Loan Documents;

provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the LC Issuer to issue Letters of Credit to be terminated shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable and the obligations of the Borrowers to cash collateralize the LC Exposure as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

SECTION 8.03. Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the LC Exposure have automatically been required to be cash collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations from proceeds of Collateral shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (other than principal and interest but including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to any Lender and the LC Issuer (including fees, charges and disbursements of counsel to the respective Lenders payable under Section 10.04 and amounts payable under Article III), ratably among them in proportion to the amounts respectively described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees, Issuance Fees, Unused Revolver Fees, Unused Acquisition Loan Fees, interest on the Loans, LC Disbursements, LC Borrowings and other

Obligations, ratably among the Lenders and the LC Issuer in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, LC Disbursements, LC Borrowings, amounts owing under Cash Management Agreements, the Swap Termination Value of Swap Agreements, including, without limitation, Foreign Exchange Obligations, ratably among the Lenders, the LC Issuer and other Secured Parties in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the LC Issuer, to cash collateralize that portion of LC Exposure comprised of the aggregate undrawn amount of Letters of Credit;

Sixth, to payment of breakage, termination, prepayment, yield maintenance or other amounts owing in respect of any between any Loan Party and any Secured Party, to the extent such Obligations are permitted hereunder, ratably among such Secured Parties; and

Last, the balance, if any, after all of the Obligations then due have been paid in full, to the Borrowers or as otherwise required by Law.

Subject to Section 2.09(h), amounts used to cash collateralize the LC Exposure pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Each Loan Party acknowledges the relative rights, priorities and agreements of the Secured Parties, as set forth in this Agreement, including as set forth in this Section 8.02.

ARTICLE IX

Administrative Agent

SECTION 9.01. Appointment and Authority.

(a) Each of the Lenders and the LC Issuer hereby irrevocably appoints Toronto Dominion to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the LC Issuer, and no Loan Party shall have rights as a third party beneficiary of any of such provisions.

(b) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders (in its capacities as a Lender, potential counterparty to

Swap Agreements, including with respect to Foreign Exchange Obligations, and potential Cash Management Bank) and the LC Issuer hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and the LC Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article IX and Article X including Section 10.04(c), as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents) as if set forth in full herein with respect thereto.

SECTION 9.02. Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its capacity as a Lender. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 9.03. Exculpatory Provisions. Administrative Agent shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party or any of its Affiliates that is communicated to or obtained by the Person serving as Administrative Agent or by any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall not be deemed to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower Representative or a Lender.

The Administrative Agent shall not be responsible to the Lenders or any of their respective Related Parties for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 9.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the LC Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or the LC Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or the LC Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for any Loan Party), independent accountants and other experts selected by it, and shall not be liable to the Lenders or any of their respective Related Parties for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 9.05. Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent.

SECTION 9.06. Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders, the LC Issuer and the Borrower Representative. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders or such successor shall not have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the LC Issuer appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrower Representative and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the LC Issuer under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the LC Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Administrative Agent pursuant to this Section shall also constitute its resignation as LC Issuer. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring LC Issuer, (ii) the retiring LC Issuer shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents, and (iii) the successor LC Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring LC Issuer to effectively assume the obligations of the retiring LC Issuer with respect to such Letters of Credit.

SECTION 9.07. Non-Reliance on Administrative Agent and Other Lenders. Each Lender and the LC Issuer acknowledges that it has, independently and without reliance upon any Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and

decision to enter into this Agreement. Each Lender and the LC Issuer also acknowledges that it will, independently and without reliance upon any Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 9.08. No Other Duties, Etc. Anything herein to the contrary notwithstanding, the Administrative Agent, shall not have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as an Administrative Agent, a Lender or the LC Issuer hereunder.

SECTION 9.09. Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, any Administrative Agent (irrespective of whether the principal of any Loan or LC Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether such Administrative Agent shall have made any demand on any Loan Party) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Exposure and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the LC Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the LC Issuer and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.18 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the LC Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the LC Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.18 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the LC Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the LC Issuer or to authorize the Administrative Agent to vote in respect of the claim of any Lender or the LC Issuer in any such proceeding.

SECTION 9.10. Collateral and Guaranty Matters. The Lenders and the LC Issuer irrevocably authorize the Administrative Agent to, and the Administrative Agent shall, at the request of the Borrower Representative:

(a) release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Commitments and payment in full of all Obligations (other than contingent indemnification obligations), (ii) that is sold or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders, or (iv) owned by a Loan Party upon release of such Loan Party from its obligations under its Guaranty pursuant to clause (c) below;

(b) release or subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.02(d); and

(c) release any Loan Party from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder; provided that no such release shall occur if such Loan Party continues to be a guarantor in respect of any other Indebtedness of a Borrower unless and until such Loan Party is (or is being simultaneously) released from its guaranty with respect to such other Indebtedness.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's, as the case may be, authority to release or subordinate its interest in particular types or items of property, or to release any Loan Party from its obligations under the Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Administrative Agent will, at the Borrowers expense and provided that the Borrowers shall have provided the Administrative Agent such certifications or documents as the Administrative Agent shall reasonably request in order to demonstrate compliance with the provisions of this Agreement described above, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the security interest granted under the Collateral Documents, or to release such Loan Party from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents.

ARTICLE X

Miscellaneous

SECTION 10.01. Amendments, Etc. Except as otherwise specified in this Agreement, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrowers or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(a) extend or increase any Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender (it being understood that no amendment, modification, termination, waiver or consent with respect to any condition precedent, covenant or Default shall constitute an increase in the Commitment of any Lender);

(b) (A) change the scheduled final maturity of any Loan, (B) postpone the date for payment of any principal, interest fees or any other amount payable hereunder or under any Loan Documents, (C) reduce the amount of, waive or excuse any such payment or (D) postpone the scheduled date of expiration of any Commitment, in any case, without the written consent of each Lender directly affected thereby;

(c) reduce or forgive the principal of, or the rate of interest specified herein on, any Loan or LC Disbursement, or any fees or other amounts payable hereunder or under any other Loan Document or change the form or currency of payment without the written consent of each Lender directly affected thereby (it being understood that any amendment or modification to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (c));

(d) change Section 2.21 or Section 8.02 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(e) change any provision of this Section 10.01 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(f) change any provision of Section 10.06 in a manner which would restrict the ability of any Lender to assign any of its rights or obligations hereunder without the written consent of each Lender;

(g) other than in a transaction permitted under Section 7.05, except as otherwise provided in any other Loan Document, release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Lender;

(h) other than in a transaction permitted under Section 7.05, except as otherwise provided in any other Loan Document, release any Subsidiary that is a Loan Party from the Guaranty without the written consent of each Lender; or

(i) amend or waive any provision contained in Section 2.17(c) or (e) without the consent of each Lender.

and provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the LC Issuer in addition to the Lenders required above, affect the rights or duties of the LC Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iii)

the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitments of such Lender may not be increased or extended without the consent of such Lender.

If, in connection with any proposed change, waiver, discharge or termination of the provisions of this Agreement as contemplated by this Section 10.01, the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained, then the Borrowers shall have the right to replace all non-consenting Lenders required to obtain such consent with one or more Eligible Assignees in accordance with Section 10.13, so long as at the time of such replacement each such new Lender consents to the proposed change, waiver, discharge or termination.

Notwithstanding anything to the contrary, without the consent of any other Person, the applicable Loan Party or Parties and the Administrative Agent may (in its or their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrowers (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof (collectively, the “Additional Extensions of Credit”) to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

SECTION 10.02. Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Administrative Agent at:

Toronto Dominion (Texas) LLC
31 West 52nd Street, 19th Floor
New York, New York 10019
Attention: Stephen Wannamaker and Manager Agency Services
Facsimile No: (212) 827-7232 (with a copy to (416) 307-3826)

with a copy to:

Edwards Angell Palmer & Dodge LLP
111 Huntington Avenue
Boston, MA 02199
Attention: Mark Fogel
Facsimile No.: 617-227-4420

(iii) if to any Loan Party, to the Borrower Representative at:

Smith & Wesson Holding Corporation
c/o Smith & Wesson Corp.
2100 Roosevelt Avenue
Springfield, MA 01102-2208
Attention: John A. Kelly, Chief Financial Officer
Facsimile No: 413-739-8528

with a copy to:

Greenberg Traurig, LLP
2375 E. Camelback Road
Suite 700
Phoenix, AZ 85016
Attention: Karl A. Freeburg
Facsimile No.: 602-445-8100

(iv) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified below its signature to this Agreement.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the LC Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the

Administrative Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender or the LC Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower Representative may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE INTRALINKS OR OTHER ELECTRONIC DOCUMENT POSTING PLATFORM THAT MAY BE USED BY THE ADMINISTRATIVE AGENT IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF ANY MATERIALS OR INFORMATION REGARDING THE BORROWERS (THE "BORROWER MATERIALS") OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Loan Party or any Lender, the LC Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of any Agent Party; provided, however, that in no event shall any Agent Party have any liability to any Loan Party, any Lender, the LC Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of any Borrower, the Administrative Agent and the LC Issuer may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrower Representative, the Administrative Agent and the LC Issuer.

(e) Reliance by Administrative Agent, the LC Issuer, the Administrative Agent and Lenders. The Administrative Agent, the LC Issuer and the Lenders shall be entitled to rely and act upon any notices (including telephonic Borrowing or Conversion Notices) purportedly given by or on behalf of the Borrower Representative even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Administrative Agent the LC Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower Representative. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by Administrative Agent, and each of the parties hereto hereby consents to such recording.

SECTION 10.03. No Waiver; Cumulative Remedies. No failure by the Administrative Agent, any Lender, the LC Issuer or any other Secured Party to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 10.04. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent and one local counsel per jurisdiction), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents, any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the LC Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Lender or the LC Issuer (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the LC Issuer) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section 10.04, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit and (iv) all reasonable fees, charges and disbursements of one separate counsel for all Lenders in connection with the enforcement of this Agreement and the other Loan Documents, including during any workout or restructuring.

(b) Indemnification by the Loan Parties. The Loan Parties shall jointly and severally indemnify Administrative Agent (and any sub-agent thereof), each Lender and the LC Issuer and each related party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims,

damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the LC Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release or threatened release of Hazardous Material on, at, under or from any property owned, leased, operated or used by any Borrower or any of the Subsidiaries, or any environmental claim related in any way to any Borrower or any of the Subsidiaries, or (iv) any actual or threatened claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or its Affiliates and the respective officers, directors, employees, attorneys, agents and advisors of such Indemnitee and its Affiliates or (y) result from a claim brought by any Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction, and provided further that Article III (instead of this Section 10.04) shall govern indemnity with respect to the matters addressed in such Article.

(c) Reimbursement by Lenders. To the extent that the Loan Parties for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section 10.04 to be paid by it to Administrative Agent (or any sub-agent thereof), the LC Issuer, or any related party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the LC Issuer or such Related Party, as the case may be, such Lender's pro rata share of the Total Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the LC Issuer, in its capacity as such, or against any related party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or the LC Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.20(e).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Loan Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the

proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section 10.04 shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section 10.04 shall survive the resignation of the Administrative Agent, the LC Issuer, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations.

SECTION 10.05. Payments Set Aside. To the extent that any payment by or on behalf of any Borrower is made to the Administrative Agent, the LC Issuer or any Lender, or the Administrative Agent, the LC Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, the LC Issuer, or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any debtor relief law (including, without limitation, the US Bankruptcy Code) or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender, the LC Issuer and each other Secured Party severally agrees to pay to Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders, the LC Issuer and the other Secured Parties under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

SECTION 10.06. Successors and Assigns. (a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section 10.06, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section 10.06, (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section 10.06 (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related

Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans (including for purposes of this Section 10.06(b), participations in LC Exposure) at the time owing to it); provided that

- (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitments or the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment, is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than the lesser of (x) \$1.0 million and (y) all Commitments and Loans held by the assigning Lender with respect to Commitments and Loans unless, in each case, the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrowers otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;
- (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitments assigned except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Loans on a non-pro rata basis;
- (iii) Required Consents. No consent shall be required for any assignment by a Lender except to the extent required by this subsection (b)(iii):
 - (A) the consent of the Borrowers (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

- (B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (i) any Term Commitment, Real Estate Commitment or Revolving Credit Commitment if such assignment is to a Person that is not a Lender with a Commitment in respect of the applicable facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender or (ii) any Term Loan or Real Estate Loan to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund; and
- (C) the consent of the LC Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and
- (iv) the parties of each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The Eligible Assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.02, 3.03(a), 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrowers (at their expense) shall execute and deliver the applicable Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section 10.06.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive

in the absence of manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by only the Borrowers and by any Lender (with respect to itself only) at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrowers or any of the Borrowers' Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitments and/or the Loans (including such Lender's participations in LC Exposure); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Lenders and the LC Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement; provided that such Lender may agree that it will not, without the consent of such Participant, agree to any amendment, modification or waiver described Section 10.01(b) or (c), to the extent affecting such Participant.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in Section 10.01(b) or (c) that affects such Participant. Subject to subsection (e) of this Section, Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.02, 3.03(a) and 3.05 (subject to the requirements of those sections) to the same extent as if it were a Lender and had acquired its interest by assignment Pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; provided such Participant agrees to be subject to Section 2.21 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.02 or 3.03(a) than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrowers' prior written consent (not to be unreasonably withheld or delayed); provided that, for purposes of this clause (e), entering into this Agreement or other Loan Document shall not be construed as providing such consent, or the right to a greater payment results from a Change in Law after the Participant becomes a Participant with respect to such participation. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain a copy of each participation and each Participant to which the Borrowers have so consented, from time to time (the "Participant Register"). The entries in the Participant Register shall be conclusive in the absence of manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as a Participant hereunder for all purposes of this Agreement. The Participant Register shall be

available for inspection by only the Borrowers and by any Lender (with respect to its participations only) at any reasonable time and from time to time upon reasonable prior notice.

(f) Certain Pledges. Any Lender may, without the consent of any Loan Party or the Administrative Agent, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note(s), if any) to secure obligations of such Lender, including (i) any pledge or assignment to secure obligations to a Federal Reserve Bank and (ii) any pledge or assignment to any holders of obligations owed, or securities issued, by such Lender as collateral security for such obligations or securities, or to any trustee for, or any other representative of, such holders; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words “execution,” “signed,” “signature” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 10.07. Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Lenders and the LC Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates’ respective partners, directors, officers, trustees, employees, agents, advisors and representatives, (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; provided that the Administrative Agent or such Lender, unless prohibited by any Law, shall use reasonable efforts to notify the Borrowers in advance of any disclosure pursuant to this clause (c) but only to the extent reasonably practicable under the circumstances and on the understanding that neither the Administrative Agent nor any Lender shall incur any liability for failure to give such notice, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any Swap Agreement with any Borrower or any Subsidiary, (g) with the consent of the Borrowers or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, the LC Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers.

For purposes of this Section, “Information” means all information received from the Borrowers or any Subsidiary relating to any Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the LC Issuer on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders and the LC Issuer acknowledges that (a) the Information may include material non-public information concerning a Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including Federal and state securities Laws.

SECTION 10.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, the LC Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the LC Issuer or any such Affiliate to or for the credit or the account of any Borrower or any other Loan Party against any and all of the obligations of such Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or the LC Issuer, irrespective of whether or not such Lender or the LC Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or the LC Issuer different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender, the LC Issuer and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the LC Issuer or their respective Affiliates may have. Each Lender and the LC Issuer agrees to notify the Borrowers and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 10.09. Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the “Maximum Rate”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

SECTION 10.10. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic mail (including, without limitation, by PDF) shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.11. Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any credit extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

SECTION 10.12. Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.13. Replacement of Lenders. If any Lender requests compensation under Section 3.02, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.05, and such amounts or compensation do not affect Lenders generally, or if any Lender is a Defaulting Lender or a non-consenting Lender as provided in Section 10.01, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(a) the Borrowers shall have paid to the Administrative Agent the assignment fee specified in Section 10.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and LC Disbursement, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.03(a)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.02 or payments required to be made pursuant to Section 3.05, such assignment will result in a reduction in such compensation or payments thereafter; and

(d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

SECTION 10.14. Governing Law, Jurisdiction, Etc.(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, BUT NOT LIMITED TO, SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

(b) SUBMISSION TO JURISDICTION. EACH BORROWER AND EACH OTHER PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMIT, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF SUCH STATE, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH BORROWER AND EACH OTHER PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR

PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 10.15. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.16. USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrowers in accordance with the Act.

SECTION 10.17. Judgment Currency. If for the purpose of obtaining judgment in any court it is necessary to convert an amount due hereunder in the currency in which it is due (the "Original Currency") into another currency (the "Second Currency"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Administrative Agent could purchase in the New York foreign exchange market, the Original Currency with the Second Currency on the date two (2) Business Days preceding that on which judgment is given. Each Loan Party agrees that its obligation in respect of any Original Currency due from it hereunder or under any other Loan Document to which it is party shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following the date the Administrative Agent receives payment of any sum so adjudged to be due hereunder in the Second Currency, the Administrative Agent may, in

accordance with normal banking procedures, purchase, in the New York foreign exchange market, the Original Currency with the amount of the Second Currency so paid; and if the amount of the Original Currency so purchased or that could have been so purchased is less than the amount originally due in the Original Currency, each Loan Party agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Administrative Agent and the Lenders against such loss. The term “rate of exchange” in this Section 10.17 means the spot rate at which the Administrative Agent, in accordance with normal practices, is able on the relevant date to purchase the Original Currency with the Second Currency, and includes any premium and costs of exchange payable in connection with such purchase.

SECTION 10.18. No Advisory or Fiduciary Responsibility. In connection with all aspects of each of the Transactions contemplated hereby, each Borrower acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm’s-length commercial transaction between the Borrowers and its Affiliates, on the one hand, and the Administrative Agent, on the other hand, and the Borrowers are capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, the Administrative Agent is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for any Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person; (iii) the Administrative Agent has not assumed and will not assume an advisory, agency or fiduciary responsibility in favor of any Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether the Administrative Agent has advised or is currently advising any Borrower or any of its Affiliates on other matters) and the Administrative Agent has no obligation to any Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Administrative Agent and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and the Administrative Agent has no obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Administrative Agent has not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each of the Borrowers has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of the Borrowers hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent with respect to any breach or alleged breach of agency or fiduciary duty.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

Borrowers:

SMITH & WESSON HOLDING CORPORATION

By: /s/ John A. Kelly
John A. Kelly
Chief Financial Officer and Treasurer

SMITH & WESSON CORP.

By: /s/ John A. Kelly
John A. Kelly
Chief Financial Officer and Treasurer

THOMPSON/CENTER ARMS COMPANY, INC.

By: /s/ John A. Kelly
John A. Kelly
Vice President and Treasurer

[Signature Page to Credit Agreement]

Agent:

**TORONTO DOMINION (TEXAS) LLC as
Administrative Agent**

By: /s/ Ian Murray _____

Name: Ian Murray

Title: Authorized Signatory

[Signature Page to Credit Agreement]

Lenders:

TORONTO DOMINION (TEXAS) LLC

By: /s/ Ian Murray

Print

Name: Ian Murray

Title: Authorized Signatory

TD BANKNORTH, N.A.

By: /s/ Maria P. Goncalves

Name: Maria P. Goncalves

Title: Senior Vice President

RBS CITIZENS, NATIONAL ASSOCIATION

By: /s/ Daniel Bernard

Daniel Bernard

Senior Vice President

[Signature Page to Credit Agreement]

PLEDGE AND SECURITY AGREEMENT

By

SMITH & WESSON HOLDING CORPORATION
SMITH & WESSON CORP.
THOMPSON/CENTER ARMS COMPANY, INC.,
as Borrowers

and

THE GUARANTORS PARTY HERETO FROM TIME TO TIME

and

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

Dated as of November 30, 2007

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APPLICATION OF PROCEEDS

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PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "Agreement") made by and among Smith & Wesson Holding Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, each individually, "Borrower", and collectively, "Borrowers"), and the guarantors listed on the signature pages hereto (the "Original Guarantors") or from time to time party hereto by execution of a Joinder Agreement (the "Additional Guarantors," and together with the Original Guarantors, the "Guarantors"), as pledgors, assignors and debtors (the Borrowers, together with the Guarantors, in such capacities and together with any successors in such capacities, the "Pledgors," and each, a "Pledgor"), in favor of TORONTO DOMINION (TEXAS) LLC, in its capacity as administrative agent pursuant to the Credit Agreement (as hereinafter defined), as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Administrative Agent").

RECITALS:

A. The Borrowers have entered into that certain Credit Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrowers, the lenders party from time to time party thereto (the "Lenders"), and the Administrative Agent. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement.

B. Each Subsidiary Guarantor has entered into that certain Subsidiary Guaranty, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Subsidiary Guaranty"), made by and among the Subsidiary Guarantors and the Administrative Agent, pursuant to which each Subsidiary Guarantor, unconditionally guaranteed the Obligations.

C. The Borrowers and each Guarantor will receive substantial benefits from the execution, delivery and performance of the Obligations under the Credit Agreement and the other Loan Documents and each is, therefore, willing to enter into this Agreement.

D. This Agreement is given by each Pledgor in favor of the Administrative Agent for the benefit of the Secured Parties to secure the payment and performance of all of the Obligations.

E. It is a condition to (i) the obligations of the Lenders to make the Loans under the Credit Agreement and (ii) the performance of the obligations of the Secured Parties under any and all Swap Agreements and all Cash Management Services that constitute Obligations that each Pledgor execute and deliver the applicable Loan Documents, including this Agreement.

AGREEMENT:

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Pledgor and the Administrative Agent hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1. Definitions. Unless otherwise defined herein or in the Credit Agreement, capitalized terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC; provided that in any event, the following terms shall have the meanings assigned to them in the UCC:

“Accounts”; “Bank”; “Certificated Securities”; “Chattel Paper”; “Commercial Tort Claim”; “Commodity Account”; “Commodity Contract”; “Commodity Intermediary”; “Documents”; “Electronic Chattel Paper”; “Entitlement Order”; “Equipment”; “Financial Asset”; “Fixtures”; “Goods”, “Inventory”; “Letter-of-Credit Rights”; “Letters of Credit”; “Money”; “Payment Intangibles”; “Proceeds”; “Records”; “Securities Account”; “Securities Intermediary”; “Security Entitlement”; “Supporting Obligations”; “Tangible Chattel Paper”; and “Uncertificated Security”.

(a) Terms used but not otherwise defined herein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement. Section 1.01 of the Credit Agreement shall apply herein *mutatis mutandis*.

(b) The following terms shall have the following meanings:

“Account Debtor” shall mean each person who is obligated on a Receivable or Supporting Obligation related thereto.

“Administrative Agent” shall have the meaning assigned to such term in the Preamble hereof.

“Agreement” shall have the meaning assigned to such term in the Preamble hereof.

“Borrowers” shall have the meaning assigned to such term in the Preamble hereof.

“Collateral Support” shall mean all property (real or personal) assigned, hypothecated or otherwise securing any Pledged Collateral and shall include any security agreement or other agreement granting a lien or security interest in such real or personal property.

“Commodity Account Control Agreement” shall mean a control agreement in a form that is reasonably satisfactory to the Administrative Agent establishing the Administrative Agent’s Control with respect to any Commodity Account.

“Contracts” shall mean, collectively, with respect to each Pledgor, all sale, service, performance, equipment or personal property lease contracts and agreements and all other contracts or agreements (in each case, whether written or oral, or third party or intercompany), between such Pledgor and any third party, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

“Control” shall mean (i) in the case of each Deposit Account, “control,” as such term is defined in Section 9-104 of the UCC, (ii) in the case of any Security Entitlement, “control,” as such term is defined in Section 8-106 of the UCC, and (iii) in the case of any Commodity Contract, “control,” as such term is defined in Section 9-106 of the UCC.

“Control Agreements” shall mean, collectively, the Deposit Account Control Agreements, the Securities Account Control Agreements and the Commodity Account Control Agreements.

“Controlled Account(s)” shall have the meaning assigned to such term in Section 7.6(a) hereof.

“Copyrights” shall mean, collectively, with respect to each Pledgor, all copyrights (whether statutory or common law, whether established or registered in the United States or any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished) and all copyright registrations and applications thereof made by such Pledgor, in each case, whether now owned or hereafter created or acquired by or assigned to such Pledgor, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor’s use of such copyrights, (ii) renewals thereof, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

“Copyright Security Agreement” shall mean an agreement substantially in the form of Exhibit 4 hereto.

“Credit Agreement” shall have the meaning assigned to such term in Recital A hereof.

“Deposit Account Control Agreement” shall mean a control agreement in a form that is reasonably satisfactory to the Administrative Agent establishing the Administrative Agent’s Control with respect to any Deposit Account.

“Deposit Accounts” shall mean, collectively, with respect to each Pledgor, (i) all “deposit accounts” as such term is defined in the UCC and all accounts and sub-accounts relating to any of the foregoing accounts and (ii) all cash, funds, checks, notes and instruments from time to time on deposit in any of the accounts or sub-accounts described in clause (i) of this definition.

“Distributions” shall mean, collectively, with respect to each Pledgor, all dividends, cash, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed to such Pledgor in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes.

“Excluded Accounts” means, collectively, any Deposit Account that is used solely for tax withholding, funds held in trust, payment of payroll or similar account for the benefit of employees.

“Excluded Property” shall mean

(a) any permit or license issued by a Governmental Authority to any Pledgor or any agreement to which any Pledgor is a party, in each case, only to the extent and for so long as the terms of such permit, license or agreement or any Requirement of Law applicable thereto, validly prohibit the creation by such Pledgor of a security interest in such permit, license or agreement in favor of the Administrative Agent (after giving effect to Sections 9-406(d), 9-407(a), 9-408(a) or 9-409 of the UCC (or any successor provision or provisions) or any other applicable law (including the Bankruptcy Code) or principles of equity);

(b) any licenses, leases or other contracts of any Pledgor to the extent that the granting of a security interest therein would constitute a breach thereof or is prohibited thereby and such prohibition is not ineffective under Sections 9-406(d), 9-407, 9-408 or 9-409 of the UCC; provided, further (x) all Receivables arising under such licenses, leases or other contracts shall be included in the definition of Collateral and shall constitute Collateral and (y) the Collateral shall include all payments and other property received or receivable in connection with any sale or other disposition of such licenses, leases or other contracts.;

(c) Excluded Accounts; and

(d) any Pledged Securities which are specifically excluded from the definition of Pledged Securities by virtue of the proviso to such definition;

provided, however, that Excluded Property shall not include any Proceeds, substitutions or replacements of any Excluded Property (unless such Proceeds, substitutions or replacements would constitute Excluded Property).

“General Intangibles” shall mean, collectively, with respect to each Pledgor, all “general intangibles,” as such term is defined in the UCC, of such Pledgor and, in any event, shall include all of such Pledgor’s rights, title and interest in, to and under all (i) Contracts and insurance policies (including all rights and remedies relating to monetary damages, including indemnification rights and remedies, and claims for damages or other relief pursuant to or in respect of any Contract), (ii) all know-how and warranties relating to any of the Pledged Collateral or the Mortgaged Premises, (iii) any and all other rights, claims, choses-in-action and causes of action of such Pledgor against any other Person and the benefits of any and all

collateral or other security given by any other Person in connection therewith, (iv) all guarantees, endorsements and indemnifications on, or of, any of the Pledged Collateral or any of the Mortgaged Premises, (v) all lists, books, records, correspondence, ledgers, printouts, files (whether in printed form or stored electronically), tapes and other papers or materials containing information relating to any of the Pledged Collateral or any of the Mortgaged Premises, including all customer or tenant lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, appraisals, recorded knowledge, surveys, studies, engineering reports, test reports, manuals, standards, processing standards, performance standards, catalogs, research data, computer and automatic machinery software and programs and the like, field repair data, accounting information pertaining to such Pledgor's operations or any of the Pledged Collateral or any of the Mortgaged Premises and all media in which or on which any of the information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data, (vi) all licenses, consents, permits, variances, certifications, authorizations and approvals, however characterized, now or hereafter acquired or held by such Pledgor, including building permits, certificates of occupancy, environmental certificates, industrial permits or licenses and certificates of operation and (vii) all rights to reserves, deferred payments, deposits, refunds, indemnification of claims and claims for tax or other refunds against any Governmental Authority, except in each case for Excluded Property.

“Goodwill” shall mean, collectively, with respect to each Pledgor, the goodwill connected with such Pledgor's business including all goodwill connected with (i) the use of and symbolized by any Trademark or Intellectual Property License with respect to any Trademark in which such Pledgor has any interest, (ii) all know-how, trade secrets, customer and supplier lists, proprietary information, inventions, methods, procedures, formulae, descriptions, compositions, technical data, drawings, specifications, name plates, catalogs, confidential information and the right to limit the use or disclosure thereof by any person, pricing and cost information, business and marketing plans and proposals, consulting agreements, engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Pledgor's business.

“Guarantors” shall have the meaning assigned to such term in the Preamble hereof.

“Instruments” shall mean, collectively, with respect to each Pledgor, all “instruments,” as such term is defined in Article 9, rather than Article 3, of the UCC, and shall include all promissory notes, drafts, bills of exchange or acceptances.

“Intellectual Property Collateral” shall mean, collectively, the Patents, Trademarks, Copyrights, Intellectual Property Licenses and Goodwill.

“Intellectual Property Licenses” shall mean, collectively, with respect to each Pledgor, all written license agreements to which such Pledgor is a party with any other party other than an Affiliate or Subsidiary with respect to any Patent, Trademark or Copyright or any other patent, trademark or copyright, whether such Pledgor is a licensor or licensee, under any such license agreement, subject in each case to the terms of such license agreements, and the right to prepare for sale, sell and advertise for sale, all Inventory now or hereafter covered by such license agreements.

“Intercompany Notes” shall mean, with respect to each Pledgor, all intercompany notes payable to it described in Schedule 10 to the Perfection Certificate and intercompany notes hereafter acquired by such Pledgor and all certificates, instruments or documents evidencing such intercompany notes, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof to the extent permitted pursuant to the terms hereof.

“Investment Property” shall mean a Security, whether certificated or uncertificated, Security Entitlement, Securities Accounts, Commodity Contract or Commodity Account, excluding, however, the Securities Collateral.

“Joinder Agreement” shall mean an agreement substantially in the form of Exhibit 3 hereto.

“Lenders” shall have the meaning assigned to such term in Recital A hereof.

“Lock Box(es)” shall have the meaning assigned to such term in Section 7.6(a) hereof.

“Material Intellectual Property Collateral” shall mean any Intellectual Property Collateral that is material (i) to the use and operation of the Pledged Collateral or Mortgaged Premises or (ii) to the business, results of operations, prospects or condition, financial or otherwise, of any Pledgor.

“Motor Vehicles” shall mean all trucks, trailers, tractors, service vehicles, automobiles and other registered mobile equipment of the Loan Parties.

“Original Guarantors” shall have the meaning assigned to such term in the Preamble hereof.

“Patents” shall mean, collectively, with respect to each Pledgor, all patents issued or assigned to, and all patent applications and registrations made by, such Pledgor (whether established or registered or recorded in the United States or any other country or any political subdivision thereof), together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor’s use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

“Patent Security Agreement” shall mean an agreement substantially in the form of Exhibit 5 hereto.

“Perfection Certificate” shall mean that certain perfection certificate dated as of the date hereof, executed and delivered by each Pledgor in favor of the Administrative Agent for the benefit of the Secured Parties and attached hereto as Exhibit 7, and each other Perfection

Certificate (which shall be in form reasonably acceptable to the Administrative Agent) executed and delivered by the applicable Guarantor in favor of the Administrative Agent for the benefit of the Secured Parties contemporaneously with the execution and delivery of each Joinder Agreement executed in accordance with Section 3.5 hereof.

“Pledge Amendment” shall have the meaning assigned to such term in Section 5.1 hereof.

“Pledged Collateral” shall have the meaning assigned to such term in Section 2.1 hereof.

“Pledged Securities” shall mean, collectively, with respect to each Pledgor, (i) all issued and outstanding Equity Interests of each issuer set forth on Schedule 9 to the Perfection Certificate as being owned by such Pledgor and all options, warrants, rights, agreements and additional Equity Interests of whatever class of any such issuer acquired by such Pledgor (including by issuance), together with all rights, privileges, authority and powers of such Pledgor relating to such Equity Interests in each such issuer or under any Organization Document of each such issuer, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Pledgor in the entries on the books of any financial intermediary pertaining to such Equity Interests, (ii) all Equity Interests of any issuer, which Equity Interests are hereafter acquired by such Pledgor (including by issuance) and all options, warrants, rights, agreements and additional Equity Interests of whatever class of any such issuer acquired by such Pledgor (including by issuance), together with all rights, privileges, authority and powers of such Pledgor relating to such Equity Interests or under any Organization Document of any such issuer, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Pledgor in the entries on the books of any financial intermediary pertaining to such Equity Interests, from time to time acquired by such Pledgor in any manner, and (iii) all Equity Interests issued in respect of the Equity Interests referred to in clause (i) or (ii) upon any consolidation or merger of any issuer of such Equity Interests; provided, however, that with respect to the voting Equity Interests of any Foreign Subsidiary, Pledged Securities shall not include any such voting Equity Interests to the extent in excess of 65% of the aggregate outstanding voting Equity Interests of such Foreign Subsidiary.

“Pledgor” shall have the meaning assigned to such term in the Preamble hereof.

“Receivables” shall mean all (i) Accounts, (ii) Chattel Paper, (iii) Payment Intangibles, (iv) General Intangibles, (v) Instruments and (vi) all other rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, regardless of how classified under the UCC together with all of Pledgors’ rights, if any, in any goods or other personal property giving rise to such right to payment and all Collateral Support and Supporting Obligations related thereto and all Records relating thereto.

“Securities Account Control Agreement” shall mean a control agreement in a form that is reasonably satisfactory to the Administrative Agent establishing the Administrative Agent’s Control with respect to any Securities Account.

“Securities Collateral” shall mean, collectively, the Pledged Securities, the Intercompany Notes and the Distributions.

“Trademarks” shall mean, collectively, with respect to each Pledgor, all trademarks (including service marks), slogans, logos, certification marks, trade dress, uniform resource locations (URL’s), domain names, corporate names and trade names, whether registered or unregistered, owned by or assigned to such Pledgor and all registrations and applications for the foregoing (whether statutory or common law and whether established or registered in the United States or any other country or any political subdivision thereof) (except for “intent-to-use” applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, unless and until an Amendment to Allege Use or a Statement of Use under Sections 1(c) and 1(d) of said Act has been filed), together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor’s use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof.

“Trademark Security Agreement” shall mean an agreement substantially in the form of Exhibit 6 hereto.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that, at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of the Administrative Agent’s and the Secured Parties’ security interest in any item or portion of the Pledged Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority.

SECTION 1.2. Interpretation. The rules of interpretation specified in the Credit Agreement (including Section 1.01 thereof) shall be applicable to this Agreement.

SECTION 1.3. Resolution of Drafting Ambiguities. Each Pledgor acknowledges and agrees that it was represented by counsel in connection with the execution and delivery hereof, that it and its counsel reviewed and participated in the preparation and negotiation hereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (i.e., the Administrative Agent) shall not be employed in the interpretation hereof.

SECTION 1.4. Perfection Certificate. The Administrative Agent and each Secured Party agree that the Perfection Certificate and all descriptions of Pledged Collateral and schedules thereto are and shall at all times remain a part of this Agreement.

ARTICLE II

GRANT OF SECURITY AND OBLIGATIONS

SECTION 2.1. Grant of Security Interest. As collateral security for the payment and performance in full of all the Obligations, each Pledgor hereby pledges and grants to the Administrative Agent for the benefit of the Secured Parties, a lien on and security interest in all of the right, title and interest of such Pledgor in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the “Pledged Collateral”):

- (i) all Accounts;
- (ii) all Equipment, Goods, Inventory and Fixtures;
- (iii) all Documents, Instruments and Chattel Paper;
- (iv) all Letters of Credit and Letter-of-Credit Rights;
- (v) all Securities Collateral;
- (vi) all Investment Property;
- (vii) all Intellectual Property Collateral;
- (viii) the Commercial Tort Claims described on Schedule 12 to the Perfection Certificate;
- (ix) all General Intangibles;
- (x) all Money and all Deposit Accounts;
- (xi) all Supporting Obligations;
- (xii) all books and records relating to the Pledged Collateral; and
- (xiii) to the extent not covered by clauses (i) through (xii) of this sentence, all other personal property of such Pledgor, whether tangible or intangible, and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to such Pledgor from time to time with respect to any of the foregoing.

Notwithstanding anything to the contrary contained in clauses (i) through (xiii) above, the security interest created by this Agreement shall not extend to, and the term “Pledged Collateral” shall not include, any Excluded Property, and (i) the Pledgors shall from time to time at the reasonable request of the Administrative Agent give written notice to the Administrative

Agent identifying in reasonable detail the Excluded Property and shall provide to the Administrative Agent such other information regarding the Excluded Property as the Administrative Agent may reasonably request and (ii) from and after the Effective Date, no Pledgor shall permit to become effective in any document creating, governing or providing for any material permit, license or agreement a provision that would prohibit the creation of a Lien on such material permit, license or agreement in favor of the Administrative Agent unless such Pledgor believes, in its reasonable judgment, that such prohibition is usual and customary in transactions of such type.

SECTION 2.2. Filings.

(a) Each Pledgor hereby irrevocably authorizes the Administrative Agent at any time and from time to time to file in any relevant jurisdiction any financing statements (including fixture filings) and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Pledged Collateral, including (i) whether such Pledgor is an organization, the type of organization and any organizational identification number issued to such Pledgor, (ii) any financing or continuation statements or other documents without the signature of such Pledgor where permitted by law, including the filing of a financing statement describing the Pledged Collateral as “all assets now owned or hereafter acquired by the Pledgor or in which Pledgor otherwise has rights” and (iii) in the case of a financing statement filed as a fixture filing or covering Pledged Collateral constituting minerals or the like to be extracted or timber to be cut, a sufficient description of the real property to which such Pledged Collateral relates. Each Pledgor agrees to provide all information described in the immediately preceding sentence to the Administrative Agent promptly upon request by the Administrative Agent.

(b) Each Pledgor hereby ratifies its authorization for the Administrative Agent to file in any relevant jurisdiction any financing statements of the type described in clause (a) above relating to the Pledged Collateral if filed prior to the date hereof, with the Administrative Agent delivering a copy of such filing to the applicable Pledgor.

(c) Each Pledgor hereby further authorizes the Administrative Agent to file filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country), including the Copyright Security Agreement, the Patent Security Agreement and the Trademark Security Agreement, or other documents necessary for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Pledgor hereunder, without the signature of such Pledgor, and naming such Pledgor where permitted by law, as debtor, and the Administrative Agent, as secured party.

(d) Each Pledgor hereby agrees to notify the Administrative Agent when an Amendment to Allege Use or a Statement of Use under Sections 1(c) and 1(d) of the Lanham Act, 15 U.S.C. § 1051 has been filed in the United States Patent and Trademark Office in respect of any “intent-to-use” applications for trademark or service mark registrations filed by such Pledgor pursuant to Section 1(b) of such Act within thirty (30) days of the end of the fiscal quarter in which such filing is made.

ARTICLE III

PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES;
USE OF PLEDGED COLLATERAL

SECTION 3.1. Delivery of Certificated Securities Collateral. Each Pledgor represents and warrants that all certificates, agreements or instruments representing or evidencing the Securities Collateral in existence on the date hereof have been delivered to the Administrative Agent in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank and that (assuming continuing possession by the Administrative Agent of any such Securities Collateral constituting Certificated Securities), the Administrative Agent has a perfected security interest therein prior to all other Liens on such Securities Collateral except, with respect to any Equity Interests of Subsidiaries, for Permitted Encumbrances which have priority over, or are pari passu with, the security interest on such Securities Collateral by operation of law, and with respect to any other Securities Collateral, except for Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement. Each Pledgor hereby agrees that all certificates, agreements or instruments representing or evidencing Securities Collateral acquired by such Pledgor after the date hereof shall promptly (but in any event within ten (10) Business Days after receipt thereof by such Pledgor) be delivered to and held by or on behalf of the Administrative Agent pursuant hereto. All certificated Securities Collateral shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Administrative Agent. The Administrative Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Administrative Agent or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest hereunder. In addition, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right at any time to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations.

SECTION 3.2. Perfection of Uncertificated Securities Collateral. Each Pledgor represents and warrants that the Administrative Agent has a perfected security interest in all uncertificated Pledged Securities pledged by it hereunder that are in existence on the date hereof prior to all other Liens on such Securities Collateral except, with respect to any Equity Interests of Subsidiaries, for Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement which have priority over, or are pari passu with, the security interest on such Pledged Securities by operation of law, and with respect to any other uncertificated Pledged Securities, except for Permitted Encumbrances. Each Pledgor hereby agrees that if any of the Pledged Securities are at any time not evidenced by certificates of ownership, then each applicable Pledgor shall, to the extent permitted by applicable law, (i) cause (or, if the issuer is not a Subsidiary, use commercially reasonable efforts to cause) the issuer to execute and deliver to the Administrative Agent an acknowledgment of the pledge of such Pledged Securities substantially in the form of Exhibit 1 hereto or such other form that is reasonably satisfactory to the Administrative Agent, (ii) if necessary or desirable to perfect a security interest in such Pledged Securities, cause (or, if the issuer is not a Subsidiary, use

commercially reasonable efforts to cause) such pledge to be recorded on the equityholder register or the books of the issuer, execute any customary pledge forms or other documents necessary or appropriate to complete the pledge and give the Administrative Agent the right to transfer such Pledged Securities under the terms hereof, and (iii) after the occurrence and during the continuance of any Event of Default, upon request by the Administrative Agent, (A) cause (or, if the issuer is not a Subsidiary, use commercially reasonable efforts to cause) the Organization Documents of each such issuer to be amended to provide that such Pledged Securities shall be treated as “securities” for purposes of the UCC and (B) cause (or, if the issuer is not a Subsidiary, use commercially reasonable efforts to cause) such Pledged Securities to become certificated and delivered to the Administrative Agent in accordance with the provisions of Section 3.1 hereof. Each Pledgor hereby agrees that if any of the Pledged Securities not issued by any Subsidiary of such Pledgor are at any time not evidenced by certificates of ownership, such Pledgor shall enter agreements granting “control” to the Administrative Agent with respect to such uncertificated Pledged Securities or take any other action reasonably requested by the Administrative Agent in order to perfect security interest therein prior to all other Liens on such Pledged Securities except, with respect to any Equity Interests of Subsidiaries, for Permitted Encumbrances which have priority over, or are pari passu with, the security interest on such Pledged Securities by operation of law and with respect to any other uncertificated Pledged Securities, except for Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement.

SECTION 3.3. Financing Statements and Other Filings; Maintenance of Perfected Security Interest. Each Pledgor represents and warrants that all financing statements, agreements, instruments and other documents necessary to perfect the security interest granted by it to the Administrative Agent in respect of the Pledged Collateral have been delivered to the Administrative Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office specified in Schedule 6 to the Perfection Certificate. Each Pledgor agrees that at the sole cost and expense of the Pledgors, such Pledgor will maintain the security interest created by this Agreement in the Pledged Collateral as a perfected security interest subject only to Permitted Encumbrances and prior to all other Liens on such Pledged Collateral except for Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement.

SECTION 3.4. Other Actions. In order to further ensure the attachment, perfection and priority of, and the ability of the Administrative Agent to enforce, the Administrative Agent’s security interest in the Pledged Collateral, each Pledgor represents and warrants (as to itself) as follows and agrees, in each case at such Pledgor’s own expense, to take the following actions with respect to the following Pledged Collateral:

(a) **Instruments and Tangible Chattel Paper.** As of the date hereof, no amounts payable under or in connection with any of the Pledged Collateral are evidenced by any Instrument or Tangible Chattel Paper other than such Instruments and Tangible Chattel Paper listed in Schedule 10 to the Perfection Certificate. Each Instrument and each item of Tangible Chattel Paper in excess of \$250,000 listed in Schedule 10 to the Perfection Certificate has been properly endorsed, assigned and delivered to the Administrative Agent, accompanied by instruments of transfer or assignment duly executed in blank. If at any time any amount in excess of \$250,000 then payable under

or in connection with any of the Pledged Collateral shall be evidenced by any Instrument or Tangible Chattel Paper, the Pledgor acquiring such Instrument or Tangible Chattel Paper shall promptly (but in any event within five (5) Business Days after receipt thereof) endorse, assign and deliver the same to the Administrative Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Administrative Agent may from time to time specify.

(b) Deposit Accounts. As of the date hereof, no Pledgor has any Deposit Accounts other than the accounts listed in Schedule 13 to the Perfection Certificate. The Administrative Agent has a perfected security interest in each such Deposit Account (other than any Excluded Account), which security interest is perfected by Control. No Pledgor shall hereafter establish and maintain any Deposit Account (other than any Excluded Account) unless (1) it shall have given the Administrative Agent ten (10) days' prior written notice of its intention to establish such new Deposit Account with a Bank, (2) such Bank shall be reasonably acceptable to the Administrative Agent and (3) such Bank and such Pledgor shall have duly executed and delivered to the Administrative Agent a Deposit Account Control Agreement with respect to such Deposit Account concurrently with the establishment of such Deposit Account, provided that, for purposes of administrative convenience, the Administrative Agent may in its reasonable discretion, permit the Borrowers from time to time to maintain one or more Deposit Accounts with one or more financial institutions and with such maximum cash balances as the Administrative Agent deems appropriate, and for which a Deposit Account Control Agreement will not be required. The Administrative Agent agrees with each Pledgor that the Administrative Agent shall not give any instructions directing the disposition of funds from time to time credited to any Deposit Account or withhold any withdrawal rights from such Pledgor with respect to funds from time to time credited to any Deposit Account unless an Event of Default has occurred and is continuing. No Pledgor shall grant Control of any Deposit Account to any person other than the Administrative Agent.

(c) Securities Accounts and Commodity Accounts. (i) As of the date hereof, no Pledgor has any Securities Accounts or Commodity Accounts other than those listed in Schedule 13 to the Perfection Certificate. The Administrative Agent has a perfected security interest in each such Securities Account and Commodity Account, which security interest is perfected by Control (except with respect to any Securities Account that is an Excluded Account). No Pledgor shall hereafter establish and maintain any Securities Account or Commodity Account with any Securities Intermediary or Commodity Intermediary unless (1) it shall have given the Administrative Agent ten (10) days' prior written notice of its intention to establish such new Securities Account or Commodity Account with such Securities Intermediary or Commodity Intermediary, (2) such Securities Intermediary or Commodity Intermediary shall be reasonably acceptable to the Administrative Agent and (3) such Securities Intermediary or Commodity Intermediary, as the case may be, and such Pledgor shall have duly executed and delivered a Control Agreement with respect to such Securities Account or Commodity Account, as the case may be concurrently with the establishment of such Securities Account or Commodity Account. Each Pledgor shall accept any cash and Investment Property in trust for the benefit of the Administrative Agent and within five (5) Business Days of actual receipt thereof, deposit any and all cash and Security

Entitlements received by it into a Deposit Account or Securities Account subject to Administrative Agent's Control or, if in the ordinary course of business, an Excluded Account. The Administrative Agent agrees with each Pledgor that the Administrative Agent shall not give any Entitlement Orders or instructions or directions to any issuer of uncertificated securities, Securities Intermediary or Commodity Intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by such Pledgor, unless an Event of Default has occurred and is continuing or, after giving effect to any such investment and withdrawal rights, would occur. No Pledgor shall grant Control over any Investment Property to any Person other than the Administrative Agent.

(ii) As between the Administrative Agent and the Pledgors, the Pledgors shall bear the investment risk with respect to the Investment Property and Pledged Securities, and the risk of loss of, damage to, or the destruction of the Investment Property and Pledged Securities, whether in the possession of, or maintained as a Security Entitlement or deposit by, or subject to the Control of, the Administrative Agent, a Securities Intermediary, a Commodity Intermediary, any Pledgor or any other person.

(d) Electronic Chattel Paper and Transferable Records. As of the date hereof, no amount under or in connection with any of the Pledged Collateral is evidenced by any Electronic Chattel Paper or any "transferable record" (as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction) other than such Electronic Chattel Paper and transferable records listed in Schedule 10 to the Perfection Certificate. If any amount in excess of \$250,000 payable under or in connection with any of the Pledged Collateral shall be evidenced by any Electronic Chattel Paper or any transferable record, the Pledgor acquiring such Electronic Chattel Paper or transferable record shall promptly notify the Administrative Agent thereof and shall use commercially reasonable efforts to take such action as the Administrative Agent may reasonably request to vest in the Administrative Agent control of such Electronic Chattel Paper under Section 9-105 of the UCC or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction, of such transferable record. The Administrative Agent agrees with such Pledgor that the Administrative Agent will arrange, pursuant to procedures reasonably satisfactory to the Administrative Agent, for the Pledgor to make alterations to the Electronic Chattel Paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Pledgor with respect to such Electronic Chattel Paper or transferable record.

(e) Letter-of-Credit Rights. If any Pledgor is at any time a beneficiary under a Letter of Credit now or hereafter issued with a face amount in excess of \$250,000, such Pledgor shall promptly notify the Administrative Agent thereof and such Pledgor shall, at the reasonable request of the Administrative Agent, use commercially reasonable efforts to, either (i) arrange for the issuer and any confirmer of such Letter of Credit to consent

to an assignment to the Administrative Agent of the proceeds of any drawing under the Letter of Credit or (ii) arrange for the Administrative Agent to become the transferee beneficiary of such Letter of Credit, in each case, pursuant to an agreement in form and substance reasonably satisfactory to the Administrative Agent, and with the Administrative Agent agreeing, in each case, that the proceeds of any drawing under the Letter of Credit are to be applied as provided in the Credit Agreement.

(f) Commercial Tort Claims. As of the date hereof, each Pledgor hereby represents and warrants that it holds no Commercial Tort Claims other than those listed in Schedule 12 to the Perfection Certificate. If any Pledgor shall at any time hold or acquire a Commercial Tort Claim in excess of \$250,000, such Pledgor shall promptly (and in any event within five (5) Business Days) notify the Administrative Agent in writing signed by such Pledgor of the brief details thereof and, if such Commercial Tort Claim is in excess of \$250,000, grant to the Administrative Agent in such writing a security interest therein and in the Proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Administrative Agent.

(g) Collateral Access Agreements. Each Pledgor shall use its commercially reasonable efforts to obtain as soon as practicable after the date hereof with respect to each leased real property set forth in Schedule 3.05 to the Credit Agreement, where such Pledgor maintains Pledged Collateral or a Collateral Access Agreement and use commercially reasonable efforts to obtain a Collateral Access Agreement from all such bailees and landlords, as applicable, who from time to time have possession of any Pledged Collateral.

(h) Motor Vehicles. Upon the reasonable request of the Administrative Agent, each Pledgor shall deliver to the Administrative Agent originals of the certificates of title or ownership for the Motor Vehicles (and any other Equipment covered by certificates of title or ownership) owned by it, with the Administrative Agent listed as lienholder therein. Such requirement shall not apply to Motor Vehicles (or other Equipment) with an aggregate fair market value of \$250,000 or less.

SECTION 3.5. Joinder of Additional Guarantors. The Pledgors shall cause each Subsidiary of Borrower which, from time to time, after the date hereof shall be required to pledge any assets to the Administrative Agent for the benefit of the Secured Parties pursuant to the provisions of Section 6.13 of the Credit Agreement, to execute and deliver to the Administrative Agent (i) a Joinder Agreement substantially in the form of Exhibit 3 hereto within five (5) Business Days of the date on which it was acquired or created and (ii) a Perfection Certificate, in each case, within five (5) Business Days of the date on which it was acquired or created. With respect to the foregoing in this Section 3.5, upon such execution and delivery, such Subsidiary shall constitute a "Guarantor" and a "Pledgor" for all purposes hereunder with the same force and effect as if originally named as a Guarantor and Pledgor herein. The execution and delivery of such Joinder Agreement shall not require the consent of any Pledgor hereunder. The rights and obligations of each Pledgor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor and Pledgor as a party to this Agreement.

SECTION 3.6. Supplements; Further Assurances. Each Pledgor shall take such further actions, and execute and/or deliver to the Administrative Agent such additional financing statements, amendments, assignments, agreements, supplements, powers and instruments, as the Administrative Agent may in its reasonable judgment deem necessary or appropriate in order to create, perfect, preserve and protect the security interest in the Pledged Collateral as a security interest having at least the perfection and priority described in Sections 3.1 through 3.4 as provided herein and to preserve and protect the rights and interests granted to the Administrative Agent hereunder, to carry into effect the purposes hereof or better to assure and confirm the validity, enforceability and priority of the Administrative Agent's security interest in the Pledged Collateral as a security interest having at least the perfection and priority described in Sections 3.1 through 3.4 or permit the Administrative Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Pledged Collateral, including the filing of financing statements, continuation statements and other documents (including this Agreement) under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interest created hereby and the execution and delivery of Control Agreements, all in form reasonably satisfactory to the Administrative Agent and in such offices (including the United States Patent and Trademark Office and the United States Copyright Office) wherever required by law to perfect, continue and maintain the validity, enforceability and priority of the security interest in the Pledged Collateral as a security interest having at least the perfection and priority described in Sections 3.1 through 3.4 as provided herein and to preserve the other rights and interests granted to the Administrative Agent hereunder, as against third parties, with respect to the Pledged Collateral. Without limiting the generality of the foregoing, each Pledgor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Administrative Agent from time to time upon reasonable request by the Administrative Agent such lists, schedules, descriptions and designations of the Pledged Collateral, copies of warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments as the Administrative Agent shall reasonably request for such purposes. If an Event of Default has occurred and is continuing, the Administrative Agent may institute and maintain, in its own name or in the name of any Pledgor, such suits and proceedings as the Administrative Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Pledged Collateral. All of the foregoing shall be at the sole cost and expense of the Pledgors.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

Each Pledgor represents, warrants and covenants as follows:

SECTION 4.1. Title. Except for the security interest granted to the Administrative Agent for the ratable benefit of the Secured Parties pursuant to this Agreement

and Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement, such Pledgor owns and has rights and, as to Pledged Collateral acquired by it from time to time after the date hereof, will own and have rights in each item of Pledged Collateral pledged by it hereunder, free and clear of any and all Liens. In addition, no Liens exist on the Securities Collateral, other than Permitted Encumbrances, Liens otherwise permitted by Section 7.02 of the Credit Agreement and Liens that are being contested in good faith by appropriate proceedings and for which such Pledgor has set aside on its books adequate reserves.

SECTION 4.2. Validity of Security Interest. The security interest in and Lien on the Pledged Collateral granted to the Administrative Agent for the benefit of the Secured Parties hereunder constitutes (a) a legal and valid security interest in all the Pledged Collateral securing the payment and performance of the Obligations, and (b) subject to the filings and other actions described in Schedule 6 to the Perfection Certificate, the payment of all applicable fees, the delivery to and continuing possession by the Administrative Agent of all Certificated Securities, all Instruments, all Tangible Chattel Paper and all Documents a security interest in which is perfected by possession, and the obtaining and maintenance of “control” (as described in the Uniform Commercial Code as in effect in the applicable jurisdiction) by the Administrative Agent of all Deposit Accounts, all Securities Accounts, all Commodities Accounts, all Electronic Chattel Paper, Letter-of-Credit Rights and all Uncertificated Securities, in each case a security interest in which is perfected by such “control”, a perfected security interest in all the Pledged Collateral. To the extent perfection of the security interest in such Pledged Collateral is required by this Agreement, the security interest and Lien granted to the Administrative Agent for the benefit of the Secured Parties pursuant to this Agreement in and on such Pledged Collateral will at all times constitute a perfected security interest and Lien prior to all other Liens on such Pledged Collateral except for Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement.

SECTION 4.3. Defense of Claims; Transferability of Pledged Collateral. Each Pledgor shall, at its own cost and expense, defend title to the Pledged Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Administrative Agent and the priority thereof against all claims and demands of all Persons, at its own cost and expense, at any time claiming any interest therein adverse to the Administrative Agent or any other Secured Party other than Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement.

SECTION 4.4. Other Financing Statements. It has not filed, nor authorized any third party to file, any valid or effective financing statement (or similar statement, instrument of registration or public notice under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Pledged Collateral, except such as have been filed in favor of the Administrative Agent pursuant to this Agreement or in favor of any holder of a Permitted Encumbrance and Liens otherwise permitted by Section 7.02 of the Credit Agreement with respect to such Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement or financing statements or public notices relating to the termination statements listed on Schedule 8 to the Perfection Certificate. No Pledgor shall execute, authorize or permit to be filed in any public office any financing statement (or similar statement, instrument of registration or public notice under the law of any jurisdiction) relating to any Pledged Collateral, except financing statements and other statements and instruments filed or to be filed in respect of

and covering the security interests granted by such Pledgor to the holder of the Permitted Encumbrances and Liens otherwise permitted by Section 7.02 of the Credit Agreement.

SECTION 4.5. Chief Executive Office; Change of Name; Jurisdiction of Organization.

Each Pledgor shall not effect any change (i) in any its legal name, (ii) in the location of its chief executive office or legal domicile, (iii) in its identity or organizational structure, (iv) in its organizational identification number, if any, or (v) in its jurisdiction of organization (in each case, including by merging or amalgamating with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), until (A) it shall have given the Administrative Agent not less than thirty (30) days' prior written notice, or such lesser notice period agreed to by the Administrative Agent, of its intention so to do, clearly describing such change and providing such other information in connection therewith as the Administrative Agent may reasonably request and (B) it shall have taken all action reasonably requested by the Administrative Agent to maintain (to the extent provided in the applicable Collateral Document) the perfection and priority of the security interest of the Administrative Agent for the benefit of the Secured Parties in the Collateral. Each Pledgor agrees to promptly provide the Administrative Agent with certified Organization Documents reflecting any of the changes described in the preceding sentence. If any Pledgor fails to provide information to the Administrative Agent about such changes on a timely basis, the Administrative Agent shall not be liable or responsible to any party for any failure to maintain a perfected security interest in such Pledgor's property constituting Pledged Collateral, for which the Administrative Agent needed to have information relating to such changes. The Administrative Agent shall have no duty to inquire about such changes if any Pledgor does not inform the Administrative Agent of such changes, the parties acknowledging and agreeing that it would not be feasible or practical for the Administrative Agent to search for information on such changes if such information is not provided by any Pledgor.

SECTION 4.6. Location of Inventory and Equipment. It shall not locate any Equipment or Inventory other than any location that is listed in the relevant Schedules to the Perfection Certificate, unless (i) it shall have given the Administrative Agent written notice thereof within thirty (30) calendar days following such move, clearly describing such new location and providing such other information in connection therewith as the Administrative Agent may reasonably request and (ii) to the extent applicable with respect to such new location, such Pledgor shall have complied with Section 3.4(g); provided that in no event shall any Equipment of any Pledgor exceeding \$500,000 in value in the aggregate be moved after the date hereof to any location outside of the continental United States, unless the Pledgor executes any and all documents, financing statements, agreements and instruments, and takes all such further actions (including the filing and recording of financing statements, notarizations, fixture filings, mortgages, deeds of trust and other documents and the delivery of appropriate opinions of counsel), which the Administrative Agent may reasonably request, to grant, preserve, protect or perfect the Liens created by Collateral Documents in such Equipment or the validity or priority of any such Lien, all at the expense of the Pledgor.

SECTION 4.7. Due Authorization and Issuance. All of the Pledged Securities issued by a Pledgor or a Subsidiary of a Pledgor existing on the date hereof have been, and to the

extent any such Pledged Securities are hereafter issued, such Pledged Securities will be, upon such issuance, duly authorized, validly issued and fully paid and non-assessable to the extent applicable. There is no amount or other obligation owing by any Pledgor to any issuer of the Pledged Securities that is a Pledgor or a Subsidiary of a Pledgor in exchange for or in connection with the issuance of such Pledged Securities or any Pledgor's status as a partner or a member of any issuer of such Pledged Securities.

SECTION 4.8. Consents, etc. In the event that the Administrative Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Administrative Agent, such Pledgor agrees to use its commercially reasonable efforts to assist and aid the Administrative Agent to obtain as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

SECTION 4.9. Pledged Collateral. All information set forth herein, including the schedules hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Secured Party, including the Perfection Certificate and the schedules thereto, in connection with this Agreement, in each case, relating to the Pledged Collateral, is accurate and complete in all material respects. The description of the Pledged Collateral on the schedules to the Perfection Certificate is accurate and complete in all material respects as to Pledged Collateral of the type required to be described therein.

SECTION 4.10. Insurance. In the event that the proceeds of any insurance claim are paid to any Pledgor after the Administrative Agent has exercised its right to foreclose in accordance with the terms of this Agreement, such Net Proceeds shall be held in trust for the benefit of the Administrative Agent and immediately after receipt thereof shall be paid to the Administrative Agent for application in accordance with the Credit Agreement.

SECTION 4.11. Websites, Domain Names and Domain Name Searches. The Borrowers are the sole and exclusive owner of the websites and domain names listed on Schedule 15 to the Perfection Certificate and have registered such domain names with Network Solutions (www.networksolutions.com) or the applicable authority which provides for the exclusive use by the Borrowers of such domain names. The websites do not contain any material, the publication of which may result in (a) the violation of rights of any person or (b) a right of any person against the publisher or distributor of such material. The domain name servers used in connection with the domain names of the Borrowers and all other relevant information pertaining to such domain names, and the administrative contacts used in connection with the registration of such domain names are identified on Schedule 15 to the Perfection Certificate. Borrower will not change such domain name servers without ten (10) days' prior notice to the Administrative Agent. Borrower will not cause a change in the identity of any domain name administrative contact without ten (10) days' prior notice to the Administrative Agent.

ARTICLE V

CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

SECTION 5.1. Pledge of Additional Securities Collateral. Each Pledgor shall, upon obtaining any Pledged Securities or Intercompany Notes of any Person, accept the same in trust for the benefit of the Administrative Agent and promptly (but in any event within five (5) Business Days after receipt thereof) deliver to the Administrative Agent a pledge amendment, duly executed by such Pledgor, in substantially the form of Exhibit 2 hereto (each, a “Pledge Amendment”), and the certificates and other documents required under Section 3.1 and Section 3.2 hereof in respect of the additional Pledged Securities or Intercompany Notes which are to be pledged pursuant to this Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional Pledged Securities or Intercompany Notes. Each Pledgor hereby authorizes the Administrative Agent to attach each Pledge Amendment to this Agreement and agrees that all Pledged Securities or Intercompany Notes listed on any Pledge Amendment delivered to the Administrative Agent shall for all purposes hereunder be considered Pledged Collateral.

SECTION 5.2. Voting Rights; Distributions; etc.

(a) So long as no Event of Default shall have occurred and be continuing and the Administrative Agent shall not have delivered the applicable notice under Section 5.2(c):

(i) Each Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Credit Agreement or any other document evidencing the Obligations; provided, however, that no Pledgor shall in any event exercise such rights in any manner which would reasonably be expected to have a Material Adverse Effect.

(ii) Each Pledgor shall be entitled to receive and retain, and to utilize free and clear of the Lien hereof, any and all Distributions, but only if and to the extent made in accordance with the provisions of the Credit Agreement; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities shall be forthwith delivered to the Administrative Agent to hold as Pledged Collateral and shall, if received by any Pledgor, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of such Pledgor and be promptly (but in any event within five (5) Business Days after receipt thereof) delivered to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(b) So long as no Event of Default shall have occurred and be continuing, the Administrative Agent shall be deemed without further action or formality to have granted to each Pledgor all necessary consents relating to voting rights and shall, if necessary, upon written request of any Pledgor and at the sole cost and expense of the Pledgors, from time to time execute and deliver (or cause to be executed and delivered) to such Pledgor all such instruments

as such Pledgor may reasonably request in order to permit such Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to Section 5.2(a)(i) hereof and to receive the Distributions which it is authorized to receive and retain pursuant to Section 5.2(a)(ii) hereof.

(c) Upon the occurrence and during the continuance of any Event of Default upon notice from the Administrative Agent to the Pledgors that it is exercising its rights under Section 5.2(c)(i) and/or (ii):

(i) All rights of each Pledgor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.2(a)(i) hereof shall immediately cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights.

(ii) All rights of each Pledgor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to Section 5.2(a)(ii) hereof shall immediately cease and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to receive and hold as Pledged Collateral such Distributions.

(d) Each Pledgor shall, at its sole cost and expense, from time to time execute and deliver to the Administrative Agent appropriate instruments as the Administrative Agent may reasonably request in order to permit the Administrative Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to Section 5.2(c)(i) hereof and to receive all Distributions which it may be entitled to receive under Section 5.2(c)(ii) hereof.

(e) All Distributions which are received by any Pledgor contrary to the provisions of Section 5.2(a)(ii) hereof shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Pledgor and shall immediately be paid over to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

SECTION 5.3. Defaults, etc. Each Pledgor hereby represents and warrants that (i) such Pledgor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which such Pledgor is a party relating to the Pledged Securities pledged by it and such Pledgor is not in violation of any other provisions of any such agreement to which such Pledgor is a party, or otherwise in default or violation thereunder, (ii) no Securities Collateral pledged by such Pledgor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Pledgor by any Person with respect thereto, and (iii) as of the date hereof, there are no certificates, instruments, documents or other writings (other than the Organization Documents and certificates representing such Pledged Securities that have been delivered to the Administrative Agent) which evidence any Pledged Securities of such Pledgor.

SECTION 5.4. Certain Agreements of Pledgors As Issuers and Holders of Equity Interests.

(a) In the case of each Pledgor which is an issuer of Securities Collateral, such Pledgor agrees to be bound by the terms of this Agreement relating to the Securities Collateral issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) In the case of each Pledgor which is a partner, shareholder or member, as the case may be, in a partnership, limited liability company or other entity, such Pledgor hereby consents to the extent required by the applicable Organization Document to the pledge by each other Pledgor, pursuant to the terms hereof, of the Pledged Securities in such partnership, limited liability company or other entity and, upon the occurrence and during the continuance of an Event of Default, to the transfer of such Pledged Securities to the Administrative Agent or its nominee and to the substitution of the Administrative Agent or its nominee as a substituted partner, shareholder or member in such partnership, limited liability company or other entity with all the rights, powers and duties of a general partner, limited partner, shareholder or member, as the case may be.

ARTICLE VI

CERTAIN PROVISIONS CONCERNING INTELLECTUAL
PROPERTY COLLATERAL

SECTION 6.1. Grant of Intellectual Property License. For the purpose of enabling the Administrative Agent, during the continuance of an Event of Default, to exercise rights and remedies under Article IX hereof at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Pledgor hereby grants to the Administrative Agent, to the extent assignable, an irrevocable, non-exclusive license to use, assign, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by such Pledgor wherever the same may be located. Such license shall include reasonable access to media in which the licensed items may be recorded or stored and to computer programs used for the compilation or printout hereof.

SECTION 6.2. Protection of Administrative Agent's Security. On a continuing basis, each Pledgor shall, at its sole cost and expense, (i) promptly following its becoming aware thereof, notify the Administrative Agent of any adverse determination in any proceeding or the institution of any proceeding in any federal, state or local court or administrative body or in the United States Patent and Trademark Office or the United States Copyright Office regarding any Material Intellectual Property Collateral, such Pledgor's right to register such Material Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (ii) maintain all Material Intellectual Property Collateral as presently used and operated, except as shall be consistent with such Pledgor's commercially reasonable business judgment, (iii) not permit to lapse or become abandoned any Material Intellectual Property Collateral, and not settle or compromise any pending or future litigation or administrative proceeding with respect to any such Material Intellectual Property Collateral, in

either case except as shall be consistent with such Pledgor's commercially reasonable business judgment, (iv) upon such Pledgor obtaining knowledge thereof, promptly notify the Administrative Agent in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of any Material Intellectual Property Collateral or the rights and remedies of the Administrative Agent in relation thereto including a levy or threat of levy or any legal process against any Material Intellectual Property Collateral, (v) not license any Intellectual Property Collateral other than licenses entered into by such Pledgor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the licenses in any manner that would materially impair the value of any Intellectual Property Collateral or the Lien on and security interest in the Intellectual Property Collateral created therein hereby, without the consent of the Administrative Agent, (vi) diligently keep adequate records respecting all Material Intellectual Property Collateral and (vii) furnish to the Administrative Agent from time to time upon the Administrative Agent's request therefor reasonably detailed statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to any Intellectual Property Collateral as the Administrative Agent may from time to time request.

SECTION 6.3. After-Acquired Property. If any Pledgor shall at any time after the date hereof (i) obtain any rights to any additional Intellectual Property Collateral or (ii) become entitled to the benefit of any additional Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Intellectual Property Collateral, or any improvement on any Intellectual Property Collateral, the provisions hereof shall automatically apply thereto and any such item enumerated in the preceding clause (i) or (ii) shall automatically constitute Intellectual Property Collateral as if such would have constituted Intellectual Property Collateral at the time of execution hereof and be subject to the Lien and security interest created by this Agreement without further action by any party. Each Pledgor shall within thirty (30) days of the end of each fiscal quarter provide to the Administrative Agent written notice of any of the foregoing and confirm the attachment of the Lien and security interest created by this Agreement to any rights described in clauses (i) and (ii) above by execution of an instrument in form reasonably acceptable to the Administrative Agent and the filing of any instruments or statements as shall be reasonably necessary to create, preserve, protect or perfect the Administrative Agent's security interest in such Intellectual Property Collateral. Further, each Pledgor authorizes the Administrative Agent to modify this Agreement by amending Schedules 11(a), 11(b) and 11(c) to the Perfection Certificate to include any Intellectual Property Collateral of such Pledgor acquired or arising after the date hereof.

SECTION 6.4. Litigation. Unless there shall occur and be continuing any Event of Default, each Pledgor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Pledgors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value or other damage as are necessary to protect the Intellectual Property Collateral. Upon the occurrence and during the continuance of any Event of Default, subject to pre-existing rights and licenses, the Administrative Agent shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Pledgor, the Administrative Agent or the Secured Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of suit against any Intellectual Property

Collateral, each Pledgor shall, at the reasonable request of the Administrative Agent, do any and all lawful acts and execute any and all documents requested by the Administrative Agent in aid of such enforcement and the Pledgors shall promptly reimburse and indemnify the Administrative Agent for all reasonable, out-of-pocket costs and expenses incurred by the Administrative Agent in the exercise of its rights under this Section 6.4 in accordance with Section 10.04 of the Credit Agreement. In the event that the Administrative Agent shall elect not to bring suit to enforce the Intellectual Property Collateral, each Pledgor agrees, at the reasonable request of the Administrative Agent, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value of or other damage to any of the Material Intellectual Property Collateral by any Person.

ARTICLE VII

CERTAIN PROVISIONS CONCERNING RECEIVABLES

SECTION 7.1. Maintenance of Records. Each Pledgor shall keep and maintain at its own cost and expense complete records of each Receivable, in a manner consistent with prudent business practice, including records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Pledgor shall, at such Pledgor's sole cost and expense, upon the Administrative Agent's demand made at any time after the occurrence and during the continuance of any Event of Default, deliver all tangible evidence of Receivables, including all documents evidencing Receivables and any books and records relating thereto to the Administrative Agent or to its representatives (copies of which evidence and books and records may be retained by such Pledgor). Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent may transfer a full and complete copy of any Pledgor's books, records, credit information, reports, memoranda and all other writings relating to the Receivables to and for the use by any person that has acquired or is contemplating acquisition of an interest in the Receivables or the Administrative Agent's security interest therein without the consent of any Pledgor.

SECTION 7.2. Legend. Each Pledgor shall legend, at the request of the Administrative Agent made at any time during the continuance of an Event of Default and in form and manner reasonably satisfactory to the Administrative Agent, the Receivables and the other books, records and documents of such Pledgor evidencing or pertaining to the Receivables with an appropriate reference to the fact that the Receivables have been assigned to the Administrative Agent for the benefit of the Secured Parties and that the Administrative Agent has a security interest therein.

SECTION 7.3. Modification of Terms, etc. No Pledgor shall rescind or cancel any obligations evidenced by any Receivable or modify any term thereof or make any adjustment with respect thereto except in the ordinary course of business or as permitted by the Credit Agreement, or extend or renew any such obligations except in the ordinary course of business or as permitted by the Credit Agreement, or compromise or settle any dispute, claim,

suit or legal proceeding relating thereto or sell any Receivable or interest therein except in the ordinary course of business or as permitted by the Credit Agreement, without the prior written consent of the Administrative Agent, which shall not be unreasonably withheld, delayed or conditioned. Each Pledgor shall timely fulfill all obligations on its part to be fulfilled under or in connection with the Receivables.

SECTION 7.4. Collection. Each Pledgor shall cause to be collected from the Account Debtor of each of the Receivables, as and when due in the ordinary course of business and consistent with prudent business practice (including Receivables that are delinquent, such Receivables to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Receivable, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivable, except that any Pledgor may, with respect to a Receivable, allow in the ordinary course of business (i) a refund or credit due as a result of returned or damaged or defective merchandise and (ii) such extensions of time to pay amounts due in respect of Receivables and such other modifications of payment terms or settlements in respect of Receivables as shall be commercially reasonable in the circumstances, all in accordance with such Pledgor's ordinary course of business consistent with its collection practices as in effect from time to time. The costs and expenses (including attorneys' fees) of collection, in any case, whether incurred by any Pledgor, the Administrative Agent or any Secured Party, shall be paid by the Pledgors.

SECTION 7.5. Notice of Business Activity Reports. If the Borrowers have Receivables in respect of which the account debtor is located in Minnesota, New Jersey, Indiana, or Connecticut the Borrowers represent and warrant that the Borrowers have filed and shall file all legally-required Notice of Business Activities Reports and comparable reports with the appropriate government authorities or has qualified as a foreign corporation to do business in such states.

SECTION 7.6. Collection of Proceeds of Receivables.

(a) The Borrowers shall (i) direct all of their account debtors to make all payments on Receivables of the Borrowers directly to post office boxes (each a "Lock Box" and collectively the "Lock Boxes") under the control of a Cash Management Bank, (ii) establish accounts (each a "Controlled Account" and collectively the "Controlled Accounts") in the Borrowers' names with a Cash Management Bank, subject to Deposit Account Control Agreements, into which all payments received in the Lock Boxes shall be deposited, and into which the Borrowers will immediately deposit all payments made for royalties, inventory or services sold or rendered by the Borrowers and received by the Borrowers in the identical form in which such payments were made, whether by cash or check, and (iii) cause each Subsidiary and Affiliate, and any other Person acting for or in concert with the Loan Party that receives any monies, checks, notes, drafts or other payments relating to or as proceeds of Receivables or other Collateral, to receive and hold such items in trust for, and as the sole and exclusive property of, the Administrative Agent and, immediately upon receipt thereof, shall remit the same (or cause the same to be remitted) in hand to the Controlled Accounts; provided that, for purposes of administrative convenience, the Administrative Agent may in its reasonable discretion, permit the Borrowers from time to time to maintain one or more accounts with one or more financial institutions other than the

Cash Management Bank and with such maximum cash balances as the Administrative Agent deems appropriate, and for which the Borrowers may, at the discretion of the Administrative Agent, be permitted to have direct access.

(b) The Borrowers agree to enter into such Lock Box agreements and Deposit Account Control Agreements with a Cash Management Bank and the Administrative Agent as the Administrative Agent may reasonably request. The Borrowers also agree to cause each financial institution other than the Cash Management Bank with which a Lock Box and/or Controlled Account has been established to, enter into a Lock Box agreement and/or Deposit Account Control Agreement, as applicable, confirming that the amounts on deposit in such Lock Box and/or Controlled Account, as applicable, are under the control of the Administrative Agent, that such financial institution has no right to setoff against such Lock Box or Controlled Account or against any other account maintained by such financial institution into which the contents of such Controlled Account are transferred (except as provided in the Deposit Account Control Agreement, and that upon written notice from the Administrative Agent, such financial institution shall wire, or otherwise transfer in immediately available funds in a manner satisfactory to the Administrative Agent, funds deposited in the Controlled Account on a daily basis as such funds are collected.

(c) All checks, drafts, instruments and other items of payment or proceeds of Collateral delivered to the Administrative Agent in kind shall be endorsed by the Borrowers, to the Administrative Agent, and, if that endorsement of any such item shall not be made for any reason, the Administrative Agent is hereby irrevocably authorized to endorse the same on behalf of the Borrowers. For the purpose of this subsection 7.6(c), each Borrower irrevocably hereby makes, constitutes and appoints the Administrative Agent (and all Persons designated by the Administrative Agent for that purpose) as such Borrower's true and lawful attorney and agent-in-fact (i) to endorse the name of the such Borrower upon said items of payment and/or proceeds of Collateral of such Borrower and upon any chattel paper, document, instrument, invoice or similar document or agreement relating to any account receivable of such Borrower or goods pertaining thereto; (ii) to take control in any manner of any item of payment or proceeds thereof; (iii) to have access to any lock box or postal box into which any mail of such Borrower is deposited; and (iv) open and process all mail addressed to such Borrower and deposited therein.

(d) The Administrative Agent (and all Persons designated by the Administrative Agent for such purpose) may, at any time and from time to time after the occurrence and during the continuance of an Event of Default, whether before or after notification to any account debtor and whether before or after the maturity of any of the Obligations, (i) enforce collection of any Receivables or contract rights of the Borrowers by suit or otherwise; (ii) exercise all of the rights and remedies of the Borrowers with respect to proceedings brought to collect any Receivables; (iii) surrender, release or exchange all or any part of any Receivables of the Borrowers, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder; (iv) sell or assign any account receivable of the Borrowers upon such terms, for such amount and at such time or times as the Administrative Agent deems advisable; (v) prepare, file and sign the names of the Borrowers on any proof of claim in bankruptcy or other similar document against any account debtor indebted on an account receivable of the Borrowers; and (vi) do all other acts and things which are necessary, in the Administrative Agent's discretion, to fulfill the Obligations of the

Borrowers under this Agreement and to allow the Administrative Agent to collect the Receivables. In addition to any other provision hereof or in any of the other Loan Documents, the Administrative Agent may at any time on or after the occurrence of an Event of Default, at the sole expense of the Borrowers, notify any parties obligated on any of the Receivables of the Borrowers to make payment directly to the Administrative Agent of any amounts due or to become due thereunder.

ARTICLE VIII

TRANSFERS

SECTION 8.1. Transfers of Pledged Collateral. No Pledgor shall sell, convey, assign or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral pledged by it hereunder except as expressly permitted by the Credit Agreement.

ARTICLE IX

REMEDIES

SECTION 9.1. Remedies. Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent may from time to time exercise in respect of the Pledged Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it, the following remedies:

(i) Personally, or by agents or attorneys, immediately take possession of the Pledged Collateral or any part thereof, from any Pledgor or any other person who then has possession of any part thereof with or (to the fullest extent permitted by applicable law) without notice or process of law, and for that purpose may enter upon any Pledgor's premises where any of the Pledged Collateral is located, remove such Pledged Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Pledged Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of any Pledgor;

(ii) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Pledged Collateral including instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Pledged Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Administrative Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that in the event that any such payments are made directly to any Pledgor, prior to receipt by any such obligor of such instruction, such Pledgor shall segregate all amounts received pursuant thereto in

trust for the benefit of the Administrative Agent and shall promptly (but in no event later than one (1) Business Day after receipt of available funds therefor) pay such amounts to the Administrative Agent;

(iii) Sell, assign, grant a license to use or otherwise liquidate, or direct any Pledgor to sell, assign, grant a license to use or otherwise liquidate, any and all investments made in whole or in part with the Pledged Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment, license or liquidation;

(iv) Take possession of the Pledged Collateral or any part thereof, by directing any Pledgor in writing to deliver the same to the Administrative Agent at any place or places so designated by the Administrative Agent, in which event such Pledgor shall at its own expense: (A) forthwith cause the same to be moved to the place or places designated by the Administrative Agent and therewith delivered to the Administrative Agent, (B) store and keep any Pledged Collateral so delivered to the Administrative Agent at such place or places pending further action by the Administrative Agent and (C) while the Pledged Collateral shall be so stored and kept, provide such security and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. Each Pledgor's obligation to deliver the Pledged Collateral as contemplated in this Section 9.1(iv) is of the essence hereof. Upon application to a court of equity having jurisdiction, the Administrative Agent shall be entitled to a decree requiring specific performance by any Pledgor of such obligation;

(v) Withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of any Pledgor constituting Pledged Collateral for application to the Obligations as provided in Article X hereof;

(vi) Retain and apply the Distributions to the Obligations as provided in Article X hereof;

(vii) Exercise any and all rights as beneficial and legal owner of the Pledged Collateral, including perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Pledged Collateral; and

(viii) Exercise all the rights and remedies of a secured party on default under the UCC, and the Administrative Agent may also in its sole discretion, without notice except as specified in Section 9.2 hereof, sell, assign or grant a license to use the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Administrative Agent may deem commercially reasonable. The Administrative Agent or any other Secured Party or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of the Pledged Collateral or any part thereof at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Pledged Collateral sold, assigned or licensed at such sale, to use and apply any of the Obligations owed to such person as a credit on account of the purchase price of the Pledged Collateral

or any part thereof payable by such person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of any Pledgor, and each Pledgor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Administrative Agent shall not be obligated to make any sale of the Pledged Collateral or any part thereof regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Pledgor hereby waives, to the fullest extent permitted by law, any claims against the Administrative Agent arising by reason of the fact that the price at which the Pledged Collateral or any part thereof may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Pledged Collateral to more than one offeree.

SECTION 9.2. Notice of Sale. Each Pledgor acknowledges and agrees that, to the extent notice of sale or other disposition of the Pledged Collateral or any part thereof shall be required by law, ten (10) days' prior notice to such Pledgor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. To the extent permitted by applicable law, no notification need be given to any Pledgor if it has signed, after the occurrence and during the continuance of an Event of Default, a statement renouncing or modifying any right to notification of sale or other intended disposition.

SECTION 9.3. Waiver of Notice and Claims. Each Pledgor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Administrative Agent's taking possession or the Administrative Agent's disposition of the Pledged Collateral or any part thereof, including any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Pledgor would otherwise have under law, and each Pledgor hereby further waives, to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's rights hereunder and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. The Administrative Agent shall not be liable for any incorrect or improper payment made pursuant to this Article IX in the absence of gross negligence or willful misconduct on the part of the Administrative Agent. To the extent permitted by applicable law, any sale of, or the grant of options to purchase, or any other realization upon, any Pledged Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Pledgor therein and thereto, and shall be a perpetual bar both at law and in equity against such Pledgor and against any and all persons claiming or attempting to claim the Pledged Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Pledgor.

SECTION 9.4. Certain Sales of Pledged Collateral.

(a) Each Pledgor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any Governmental Authority, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Pledged Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. Each Pledgor acknowledges that any such sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable law, the Administrative Agent shall have no obligation to engage in public sales.

(b) Each Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act, and applicable state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral and Investment Property, to limit purchasers to persons who will agree, among other things, to acquire such Securities Collateral or Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Pledgor acknowledges that any such private sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral or Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

(c) Notwithstanding the foregoing, each Pledgor shall, upon the occurrence and during the continuance of any Event of Default, at the reasonable request of the Administrative Agent, for the benefit of the Administrative Agent, cause any registration, qualification under or compliance with any Federal or state securities law or laws to be effected with respect to all or any part of the Securities Collateral as soon as practicable and at the sole cost and expense of the Pledgors. Each Pledgor will use its commercially reasonable efforts to cause such registration to be effected (and be kept effective) and will use its commercially reasonable efforts to cause such qualification and compliance to be effected (and be kept effective) as may be so requested and as would permit or facilitate the sale and distribution of such Securities Collateral including registration under the Securities Act (or any similar statute then in effect), appropriate qualifications under applicable blue sky or other state securities laws and appropriate compliance with all other requirements of any Governmental Authority. Each Pledgor shall use its commercially reasonable efforts to cause the Administrative Agent to be kept advised in writing as to the progress of each such registration, qualification or compliance and as to the completion thereof, shall furnish to the Administrative Agent such number of prospectuses, offering circulars or other documents incident thereto as the Administrative Agent from time to time may request, and shall indemnify and shall cause the issuer of the Securities Collateral to indemnify the Administrative Agent and all others participating in the distribution of such Securities Collateral against all claims, losses, damages and liabilities caused by any

untrue statement (or alleged untrue statement) of a material fact contained therein (or in any related registration statement, notification or the like) or by any omission (or alleged omission) to state therein (or in any related registration statement, notification or the like) a material fact required to be stated therein or necessary to make the statements therein not misleading.

(d) If the Administrative Agent determines to exercise its right to sell any or all of the Securities Collateral or Investment Property, upon written request, the applicable Pledgor shall from time to time furnish to the Administrative Agent all such information as the Administrative Agent may request in order to determine the number of securities included in the Securities Collateral or Investment Property which may be sold by the Administrative Agent as exempt transactions under the Securities Act and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(e) Each Pledgor further agrees that a breach of any of the covenants contained in this Section 9.4 will cause irreparable injury to the Administrative Agent and the other Secured Parties, that the Administrative Agent and the other Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 9.4 shall be specifically enforceable against such Pledgor, and to the fullest extent permitted by applicable law such Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing or that all of the Obligations shall have been paid in full.

SECTION 9.5. No Waiver; Cumulative Remedies.

(a) No failure on the part of the Administrative Agent to exercise, no course of dealing with respect to, and no delay on the part of the Administrative Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy; nor shall the Administrative Agent be required to look first to, enforce or exhaust any other security, collateral or guaranties. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law or otherwise available.

(b) In the event that the Administrative Agent shall have instituted any proceeding to enforce any right, power, privilege or remedy under this Agreement or any other Loan Document by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Administrative Agent, then and in every such case, the Pledgors, the Administrative Agent and each other Secured Party shall be restored to their respective former positions and rights hereunder with respect to the Pledged Collateral, and all rights, remedies, privileges and powers of the Administrative Agent and the other Secured Parties shall continue as if no such proceeding had been instituted.

SECTION 9.6. Certain Additional Actions Regarding Intellectual Property. If any Event of Default shall have occurred and be continuing, upon the written demand of the Administrative Agent, each Pledgor shall execute and deliver to the Administrative Agent an

assignment or assignments of the registered Patents, Trademarks and/or Copyrights and Goodwill and such other documents as are necessary or appropriate to carry out the intent and purposes hereof.

ARTICLE X

APPLICATION OF PROCEEDS

SECTION 10.1. Application of Proceeds. The proceeds received by the Administrative Agent in respect of any sale of, collection from or other realization upon all or any part of the Pledged Collateral pursuant to the exercise by the Administrative Agent of its remedies shall be applied, together with any other sums then held by the Administrative Agent pursuant to this Agreement, in accordance with the Credit Agreement.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1. Concerning Administrative Agent.

(a) The Administrative Agent has been appointed as Administrative Agent pursuant to the Credit Agreement. The actions of the Administrative Agent hereunder are subject to the provisions of the Credit Agreement. The Administrative Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including the release or substitution of the Pledged Collateral), in accordance with this Agreement and the Credit Agreement. The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Administrative Agent may resign and a successor Administrative Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the Administrative Agent by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent under this Agreement, and the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Administrative Agent.

(b) The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equivalent to that which the Administrative Agent, in its individual capacity, accords its own property consisting of similar instruments or interests,

it being understood that neither the Administrative Agent nor any of the Secured Parties shall have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not the Administrative Agent or any other Secured Party has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any person with respect to any Pledged Collateral.

(c) The Administrative Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper person, and, with respect to all matters pertaining to this Agreement and its duties hereunder, upon advice of counsel selected by it.

(d) If any item of Pledged Collateral also constitutes collateral granted to the Administrative Agent under any other deed of trust, mortgage, security agreement, pledge or instrument of any type, in the event of any conflict between the provisions hereof and the provisions of such other deed of trust, mortgage, security agreement, pledge or instrument of any type in respect of such collateral, the Administrative Agent, in its sole discretion, shall select which provision or provisions shall control.

SECTION 11.2. Administrative Agent May Perform; Administrative Agent Appointed Attorney-in-Fact. If any Pledgor shall fail to perform any covenants contained in this Agreement (including such Pledgor's covenants to (i) pay the premiums in respect of all required insurance policies hereunder, (ii) pay and discharge any taxes, assessments and special assessments, levies, fees and governmental charges imposed upon or assessed against, and landlords', carriers', mechanics', workmen's, repairmen's, laborers', materialmen's, suppliers' and warehousemen's Liens and other claims arising by operation of law against, all or any portion of the Pledged Collateral, (iii) make repairs, (iv) discharge Liens or (v) pay or perform any obligations of such Pledgor under any Pledged Collateral) or if any representation or warranty on the part of any Pledgor contained herein shall be breached, the Administrative Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose; provided, however, that the Administrative Agent shall in no event be bound to inquire into the validity of any tax, Lien, imposition or other obligation which such Pledgor fails to pay or perform as and when required hereby and which such Pledgor does not contest in accordance with the provisions, if any, of the Credit Agreement. Any and all reasonable amounts so expended by the Administrative Agent shall be paid by the Pledgors in accordance with the provisions of Section 10.04 of the Credit Agreement. Neither the provisions of this Section 11.2 nor any action taken by the Administrative Agent pursuant to the provisions of this Section 11.2 shall prevent any such failure to observe any covenant contained in this Agreement nor any breach of representation or warranty from constituting an Event of Default. Each Pledgor hereby appoints the Administrative Agent its attorney-in-fact, with full power and authority in the place and stead of such Pledgor and in the name of such Pledgor, or otherwise, from time to time in the Administrative Agent's discretion to take any action and to execute any instrument consistent with the terms of the Credit Agreement, this Agreement and the other Collateral Documents which the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof (but the Administrative Agent shall not be obligated to and shall have no liability to such Pledgor or any third party for failure to so do or take action). The

foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof. Each Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

SECTION 11.3. Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) be binding upon the Pledgors, their respective successors and assigns and (ii) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent and the other Secured Parties and each of their respective successors, transferees and assigns. No other persons (including any other creditor of any Pledgor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (ii), any Secured Party may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other person to the extent permitted by the Credit Agreement, and such other person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party, herein or otherwise, subject however, to the provisions of the Credit Agreement and, in the case of a Secured Party that is a party to a Swap Agreement or Cash Management Services, such Swap Agreement or Cash Management Services.

SECTION 11.4. Termination; Release.

(a) When all the Obligations have been paid in full (other than contingent indemnification obligations) and the Commitments of the Lenders to make any Loan under the Credit Agreement shall have expired or been sooner terminated, this Agreement shall terminate and the Pledged Collateral shall be released from the Lien of this Agreement, all without further delivery of any instrument or further action by any party, and all rights in the Collateral shall revert to the applicable Pledgor. Upon such release, the Administrative Agent shall, upon the request and at the sole cost and expense of the Pledgors, assign, transfer and deliver to Pledgor, against receipt and without recourse to or warranty by the Administrative Agent except as to the fact that the Administrative Agent has not encumbered the released assets, such of the Pledged Collateral or any part thereof to be released (in the case of a release) as may be in possession of the Administrative Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Pledged Collateral, proper documents and instruments (including UCC-3 termination financing statements or releases) acknowledging the termination hereof or the release of such Pledged Collateral, as the case may be.

(b) If any of the Pledged Collateral is sold, transferred or otherwise disposed of by any Pledgor in a transaction permitted by the Credit Agreement (other than any sale, transfer or disposition to another Pledgor), then the Lien created pursuant to this Agreement in such Pledged Collateral shall be released, and the Administrative Agent, at the request and sole expense of such Pledgor, shall execute and deliver to such Pledgor all releases or other documents reasonably necessary or desirable for the release of such Pledged Collateral from the security interests created hereby; provided that Borrowers shall provide to the Administrative Agent evidence of such transaction's compliance with the Credit Agreement as the Administrative Agent shall reasonably request.

SECTION 11.5. Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by

any Pledgor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Administrative Agent. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by any Pledgor from the terms of any provision hereof in each case shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or any other document evidencing the Obligations, no notice to or demand on any Pledgor in any case shall entitle any Pledgor to any other or further notice or demand in similar or other circumstances.

SECTION 11.6. Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to any Pledgor, addressed to it at the address of the Borrower set forth in the Credit Agreement and as to the Administrative Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 11.6.

SECTION 11.7. Governing Law, Consent to Jurisdiction and Service of Process; Waiver of Jury Trial. Sections 10.14 and 10.15 of the Credit Agreement are incorporated herein, *mutatis mutandis*, as if a part hereof.

SECTION 11.8. Severability of Provisions. Any provision hereof which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

SECTION 11.9. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

SECTION 11.10. Business Days. In the event any time period or any date provided in this Agreement ends or falls on a day other than a Business Day, then such time period shall be deemed to end and such date shall be deemed to fall on the next succeeding Business Day, and performance herein may be made on such Business Day, with the same force and effect as if made on such other day.

SECTION 11.11. No Credit for Payment of Taxes or Imposition. Such Pledgor shall not be entitled to any credit against the principal, premium, if any, or interest payable under the Credit Agreement, and such Pledgor shall not be entitled to any credit against any other sums which may become payable under the terms thereof or hereof, by reason of the payment of any Taxes on the Pledged Collateral or any part thereof.

SECTION 11.12. No Claims Against Administrative Agent. Nothing contained in this Agreement shall constitute any consent or request by the Administrative Agent, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Pledged Collateral or any part thereof, nor as giving any Pledgor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against the Administrative Agent in respect thereof or any claim that any Lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the Lien hereof.

SECTION 11.13. No Release. Nothing set forth in this Agreement or any other Loan Document, nor the exercise by the Administrative Agent of any of the rights or remedies hereunder, shall relieve any Pledgor from the performance of any term, covenant, condition or agreement on such Pledgor's part to be performed or observed under or in respect of any of the Pledged Collateral or from any liability to any Person under or in respect of any of the Pledged Collateral or shall impose any obligation on the Administrative Agent or any other Secured Party to perform or observe any such term, covenant, condition or agreement on such Pledgor's part to be so performed or observed or shall impose any liability on the Administrative Agent or any other Secured Party for any act or omission on the part of such Pledgor relating thereto or for any breach of any representation or warranty on the part of such Pledgor contained in this Agreement, the Credit Agreement or the other Loan Documents, or under or in respect of the Pledged Collateral or made in connection herewith or therewith. Anything herein to the contrary notwithstanding, neither the Administrative Agent nor any other Secured Party shall have any obligation or liability under any contracts, agreements and other documents included in the Pledged Collateral by reason of this Agreement, nor shall the Administrative Agent or any other Secured Party be obligated to perform any of the obligations or duties of any Pledgor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Pledged Collateral hereunder. The obligations of each Pledgor contained in this Section 11.13 shall survive the termination hereof and the discharge of such Pledgor's other obligations under this Agreement, the Credit Agreement and the other Loan Documents.

SECTION 11.14. Obligations Absolute. To the fullest extent permitted by applicable law, all obligations of each Pledgor hereunder shall be absolute and unconditional irrespective of:

- (i) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any other Pledgor;
- (ii) any lack of validity or enforceability of the Credit Agreement, any Swap Agreement or Cash Management Services or any other Loan Document, or any other agreement or instrument relating thereto;
- (iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any Swap Agreement, Cash Management Services or any other Loan Document or any other agreement or instrument relating thereto;

(iv) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Obligations;

(v) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect hereof, the Credit Agreement, any Swap Agreement, Cash Management Services or any other Loan Document except as specifically set forth in a waiver granted pursuant to the provisions of Section 11.5 hereof; or

(vi) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Pledgor other than the payment in full of all Obligations.

[Signature Page to Pledge and Security Agreement]

IN WITNESS WHEREOF, each Pledgor and the Administrative Agent have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

PLEDGORS:

BORROWERS:

SMITH & WESSON HOLDING CORPORATION

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

SMITH & WESSON CORP.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

THOMPSON/CENTER ARMS COMPANY, INC.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

[Signature Page to Pledge and Security Agreement]

GUARANTORS:

THOMPSON CENTER HOLDING CORPORATION

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

FOX RIDGE OUTFITTERS, INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

BEAR LAKE HOLDINGS, INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

K.W. THOMPSON TOOL COMPANY, INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

O.L. DEVELOPMENT, INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

[Signature Page to Pledge and Security Agreement]

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: /s/ Ian Murray

Name: Ian Murray

Title: Authorized Signatory

[Form of]

ISSUER'S ACKNOWLEDGMENT

The undersigned hereby (i) acknowledges receipt of the Security Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement;" capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of November 30, 2007, made by and among Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, individually, "Borrower", and collectively, "Borrowers"), the Guarantors party thereto, and Toronto Dominion (Texas) LLC, as administrative agent (in such capacity and together with any successors in such capacity, the "Administrative Agent"), (ii) agrees promptly to note on its books the security interests granted to the Administrative Agent and confirmed under the Security Agreement, (iii) agrees that it will comply with instructions of the Administrative Agent with respect to the applicable Securities Collateral without further consent by the applicable Pledgor, (iv) agrees to notify the Administrative Agent upon obtaining knowledge of any interest in favor of any Person in the applicable Securities Collateral that is adverse to the interest of the Administrative Agent therein and (v) waives any right or requirement at any time hereafter to receive a copy of the Security Agreement in connection with the registration of any Securities Collateral thereunder in the name of the Administrative Agent or its nominee or the exercise of voting rights by the Administrative Agent or its nominee.

[_____]

By: _____
Name:
Title:

[Form of]

PLEDGE AMENDMENT

This Pledge Amendment, dated as of [], is delivered pursuant to Section 5.1 of the Pledge and Security Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of November 30, 2007, made by and among Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, individually, "Borrower", and collectively, "Borrowers"), the Guarantors party thereto, and Toronto Dominion (Texas) LLC, as administrative agent (in such capacity and together with any successors in such capacity, the "Administrative Agent"). The undersigned hereby agrees that this Pledge Amendment may be attached to the Security Agreement and that the Pledged Securities and/or Intercompany Notes listed on this Pledge Amendment shall be deemed to be and shall become part of the Pledged Collateral and shall secure all Obligations.

PLEDGED SECURITIES

ISSUER	CLASS OF STOCK OR INTERESTS	PAR VALUE	CERTIFICATE NO(S).	NUMBER OF SHARES OR INTERESTS	PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER
<hr/>					

INTERCOMPANY NOTES

ISSUER	PRINCIPAL AMOUNT	DATE OF ISSUANCE	INTEREST RATE	MATURITY DATE
--------	---------------------	---------------------	------------------	------------------

[_____],
as Pledgor

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

By: _____
Name:
Title:

[Form of]
JOINDER AGREEMENT

[Name of New Pledgor]
[Address of New Pledgor]

[Date]

Ladies and Gentlemen:

Reference is made to the Pledge and Security Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of November 30, 2007, made by and among Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, individually, "Borrower", and collectively, "Borrowers"), the Guarantors party thereto, and Toronto Dominion (Texas) LLC, as administrative agent (in such capacity and together with any successors in such capacity, the "Administrative Agent").

This Joinder Agreement supplements the Security Agreement and is delivered by the undersigned, [] (the "New Pledgor"), pursuant to Section 3.5 of the Security Agreement. The New Pledgor hereby agrees to be bound as a Guarantor and as a Pledgor party to the Security Agreement by all of the terms, covenants and conditions set forth in the Security Agreement to the same extent that it would have been bound if it had been a signatory to the Security Agreement on the execution date of the Security Agreement. Without limiting the generality of the foregoing, the New Pledgor hereby grants and pledges to the Administrative Agent, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations, a Lien on and security interest in, all of its right, title and interest in, to and under the Pledged Collateral and expressly assumes all obligations and liabilities of a Guarantor and Pledgor thereunder. The New Pledgor hereby makes each of the representations and warranties and agrees to each of the covenants applicable to the Pledgors contained in the Security Agreement.

Annexed hereto are supplements to the schedules to the Security Agreement and the Credit Agreement, as applicable, with respect to the New Pledgor. Such supplements shall be deemed to be part of the Security Agreement or the Credit Agreement, as applicable.

This Joinder Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

THIS JOINDER AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Pledgor has caused this Joinder Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

[NEW PLEDGOR]

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

By: _____
Name:
Title:

[Schedules to be attached]

[Form of]
Copyright Security Agreement

Copyright Security Agreement, dated as of [_____], by [_____] and [_____] (individually, a “Pledgor”, and, collectively, the “Pledgors”), in favor of Toronto Dominion (Texas) LLC, in its capacity as Administrative Agent pursuant to the Credit Agreement (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Pledgors are party to a Pledge and Security Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Confirmation of Grant of Security Interest in Copyright Collateral. Each Pledgor hereby confirms the grant to the Administrative Agent for the benefit of the Secured Parties in the Security Agreement of a lien on and security interest in and to all of its right, title and interest in, to and under all the following Pledged Collateral of such Pledgor:

- (a) Copyrights of such Pledgor listed on Schedule I attached hereto; and
- (b) all Proceeds of any and all of the foregoing (other than Excluded Property).

SECTION 3. Security Agreement. Each Pledgor hereby acknowledges and affirms that the rights and remedies of the Administrative Agent with respect to the security interest in the Copyrights confirmed hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Copyright Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Administrative Agent shall otherwise determine.

SECTION 4. Termination. Upon the payment in full of the Obligations (other than contingent indemnification obligations) and automatic termination of the Security

Agreement, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument in writing in recordable form evidencing the release of the collateral pledge, grant, assignment, lien and security interest in the Copyrights under the Security Agreement and this Copyright Security Agreement.

SECTION 5. Counterparts. This Copyright Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Copyright Security Agreement by signing and delivering one or more counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, each Pledgor has caused this Copyright Security Agreement to be executed and delivered by its duly authorized offer as of the date first set forth above.

Very truly yours,

[PLEDGORS]

By: _____
Name:
Title:

Accepted and Agreed:

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE I
to
COPYRIGHT SECURITY AGREEMENT
COPYRIGHT REGISTRATIONS AND COPYRIGHT APPLICATIONS

Copyright Registrations:

<u>OWNER</u>	<u>REGISTRATION NUMBER</u>	<u>TITLE</u>

Copyright Applications:

<u>OWNER</u>	<u>TITLE</u>

[Form of]
Patent Security Agreement

Patent Security Agreement, dated as of [_____], by [_____] and [_____] (individually, a “Pledgor”, and, collectively, the “Pledgors”), in favor of Toronto Dominion (Texas) LLC, in its capacity as Administrative Agent pursuant to the Credit Agreement (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Pledgors are party to a Pledge and Security Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Confirmation of Grant of Security Interest in Patent Collateral. Each Pledgor hereby confirms the grant to the Administrative Agent for the benefit of the Secured Parties in the Security Agreement of a lien on and security interest in and to all of its right, title and interest in, to and under all the following Pledged Collateral of such Pledgor:

- (a) Patents of such Pledgor listed on Schedule I attached hereto; and
- (b) all Proceeds of any and all of the foregoing (other than Excluded Property).

SECTION 3. Security Agreement. Each Pledgor hereby acknowledges and affirms that the rights and remedies of the Administrative Agent with respect to the security interest in the Patents confirmed hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Patent Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Administrative Agent shall otherwise determine.

SECTION 4. Termination. Upon the payment in full of the Obligations (other than contingent indemnification obligations) and automatic termination of the Security

Agreement, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument in writing in recordable form evidencing the release of the collateral pledge, grant, assignment, lien and security interest in the Patents under the Security Agreement and this Patent Security Agreement.

SECTION 5. Counterparts. This Patent Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Patent Security Agreement by signing and delivering one or more counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, each Pledgor has caused this Patent Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Very truly yours,

[PLEDGORS]

By: _____
Name:
Title:

Accepted and Agreed:

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE I
to
PATENT SECURITY AGREEMENT
PATENT REGISTRATIONS AND PATENT APPLICATIONS

Patent Registrations:

OWNER _____

REGISTRATION
NUMBER _____ NAME _____

Patent Applications:

OWNER _____

APPLICATION
NUMBER _____ NAME _____

**[Form of]
Trademark Security Agreement**

Trademark Security Agreement, dated as of [_____], by [_____] and [_____] (individually, a “Pledgor”, and collectively, the “Pledgors”), in favor of Toronto Dominion (Texas) LLC, in its capacity as Administrative Agent pursuant to the Credit Agreement (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Pledgors are party to a Pledge and Security Agreement, dated as of November 27, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Confirmation of Grant of Security Interest in Trademark Collateral. Each Pledgor hereby confirms the grant to the Administrative Agent for the benefit of the Secured Parties in the Security Agreement of a lien on and security interest in and to all of its right, title and interest in, to and under all the following Pledged Collateral of such Pledgor:

- (a) Trademarks of such Pledgor listed on Schedule I attached hereto;
- (b) all Goodwill associated with such Trademarks; and
- (c) all Proceeds of any and all of the foregoing (other than Excluded Property).

SECTION 3. Security Agreement. Each Pledgor hereby acknowledges and affirms that the rights and remedies of the Administrative Agent with respect to the security interest in the Trademarks confirmed hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Trademark Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Administrative Agent shall otherwise determine.

SECTION 4. Termination. Upon the payment in full of the Obligations (other than contingent indemnification obligations) and automatic termination of the Security Agreement, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument in writing in recordable form evidencing the release of the collateral pledge, grant, assignment, lien and security interest in the Trademarks under the Security Agreement and this Trademark Security Agreement.

SECTION 5. Counterparts. This Trademark Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Trademark Security Agreement by signing and delivering one or more counterparts.

[Signature Page Follows]

IN WITNESS WHEREOF, each Pledgor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Very truly yours,

[PLEDGORS]

By: _____
Name:
Title:

Accepted and Agreed:

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE I
to
TRADEMARK SECURITY AGREEMENT
TRADEMARK REGISTRATIONS AND TRADEMARK APPLICATIONS

Trademark Registrations:

OWNER _____

REGISTRATION
NUMBER

TRADEMARK

Trademark Applications:

OWNER _____

APPLICATION
NUMBER

TRADEMARK

COPYRIGHT SECURITY AGREEMENT

Copyright Security Agreement, dated as of November 30, 2007, by Smith & Wesson Corp., a Delaware corporation, and Thompson/Center Arms Company, Inc., a New Hampshire corporation, (collectively, the "Pledgors"), in favor of Toronto Dominion (Texas) LLC, in its capacity as Administrative Agent pursuant to the Credit Agreement (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, the Pledgors are party to a Pledge and Security Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement") in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Confirmation of Grant of Security Interest in Copyright Collateral. The Pledgors hereby confirm the grant to the Administrative Agent for the benefit of the Secured Parties in the Security Agreement of a lien on and security interest in and to all of their right, title and interest in, to and under all the following Pledged Collateral of the Pledgors:

- (a) Copyrights of the Pledgors, including but not limited to the Copyrights listed on Schedule A attached hereto, in each case whether now owned or existing or hereafter acquired or arising and wherever located; and
- (b) all Proceeds of any and all of the foregoing (other than Excluded Property).

SECTION 3. Security Agreement. The Pledgors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Copyrights confirmed hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Copyright Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Administrative Agent shall otherwise determine.

SECTION 4. Termination. Upon the payment in full of the Obligations (other than contingent indemnification obligations) and automatic termination of the Security Agreement, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument in writing in recordable form evidencing the release of the collateral pledge, grant, assignment,

lien and security interest in the Copyrights under the Security Agreement and this Copyright Security Agreement.

SECTION 5. Counterparts. This Copyright Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Copyright Security Agreement by signing and delivering one or more counterparts.

[Signature Page Follows]

[Signature Page to Smith & Wesson Corp. Copyright Security Agreement]

IN WITNESS WHEREOF, the Pledgors have caused this Copyright Security Agreement to be executed and delivered by its duly authorized offer as of the date first set forth above.

Very truly yours,

SMITH & WESSON CORP.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

THOMPSON/CENTER ARMS COMPANY, INC.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

Accepted and Agreed:

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

By: /s/ Ian Murray

Name: Ian Murray

Title: Authorized Signatory

**SCHEDULE A
COPYRIGHTS**

<u>Title</u>	<u>Reg. No.</u>	<u>Reg. Date</u>	<u>Claimant</u>
Smith & Wesson .40 caliber revolving rifle, circa 1875	VA-955-561	3/31/99	Smith & Wesson Corporation
Smith & Wesson model 3 Russian second model cut-away, circa 1872	VA-955-562	3/31/99	Smith & Wesson Corporation
Smith & Wesson model 3 experimentals, circa 1872	VA-955-563	3/31/99	Smith & Wesson Corporation
Smith & Wesson custom deluxe 125 th anniversary commemorative, 1977	VA-955-564	3/31/99	Smith & Wesson Corporation
Smith & Wesson N frame, caliber .38 Colt super circa 1930	VA-955-565	3/31/99	Smith & Wesson Corporation
Smith & Wesson 1976 reproductions, circa 1976	VA-955-566	3/31/99	Smith & Wesson Corporation
Jewelry store handguns, circa 1893	VA-955-567	3/31/99	Smith & Wesson Corporation
Smith & Wesson .44 hammerless, circa 1886	VA-955-568	3/31/99	Smith & Wesson Corporation
Smith & Wesson and the Olympics, circa 1908-1988	VA-955-569	3/31/99	Smith & Wesson Corporation
Smith & Wesson .30 caliber M-1 carbine and revolver, circa 1943	VA-955-570	3/31/99	Smith & Wesson Corporation
Smith & Wesson .44 solid frame model 3, circa 1862	VA-955-571	3/31/99	Smith & Wesson Corporation
Joseph Wesson experimental pistols, circa 1898	VA-955-572	3/31/99	Smith & Wesson Corporation
Shooting Thompson/Center black powder guns	TX 1-398-363	08/21/94	K.W. Thompson Tool Company, Inc. d/b/a Thompson/Center Arms Company, Inc.

PATENT SECURITY AGREEMENT

Patent Security Agreement, dated as of November 30, 2007, by Smith & Wesson Corp., a Delaware corporation, Thompson/Center Arms Company, Inc., a New Hampshire corporation, and Bear Lake Holdings, Inc., a Delaware corporation (collectively, the “Pledgors”), in favor of Toronto Dominion (Texas) LLC, in its capacity as Administrative Agent pursuant to the Credit Agreement (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Pledgors are party to a Pledge and Security Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Confirmation of Grant of Security Interest in Patent Collateral. The Pledgors hereby confirm the grant to the Administrative Agent for the benefit of the Secured Parties in the Security Agreement of a lien on and security interest in and to all of their right, title and interest in, to and under all the following Pledged Collateral of the Pledgors:

- (a) Patents of the Pledgors, including but not limited to the Patents listed on Schedule A attached hereto, in each case whether now owned or existing or hereafter acquired or arising and wherever located; and
- (b) all Proceeds of any and all of the foregoing (other than Excluded Property).

SECTION 3. Security Agreement. The Pledgors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Patents confirmed hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Patent Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Administrative Agent shall otherwise determine.

SECTION 4. Termination. Upon the payment in full of the Obligations (other than contingent indemnification obligations) and automatic termination of the Security Agreement, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument in writing in recordable form evidencing the release of the collateral pledge, grant, assignment,

lien and security interest in the Patents under the Security Agreement and this Patent Security Agreement.

SECTION 5. Counterparts. This Patent Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Patent Security Agreement by signing and delivering one or more counterparts.

[Signature Page Follows]

[Signature Page to Smith & Wesson Corp. Patent Security Agreement]

IN WITNESS WHEREOF, the Pledgors have caused this Patent Security Agreement to be executed and delivered by its duly authorized offer as of the date first set forth above.

Very truly yours,

SMITH & WESSON CORP.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

THOMPSON/CENTER ARMS COMPANY, INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

BEAR LAKE HOLDINGS, INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

Accepted and Agreed:

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

By: /s/ Ian Murray
Name: Ian Murray
Title: Authorized Signatory

**SCHEDULE A
PATENTS**

Registered Patents

<u>HOLDER</u>	<u>PATENT</u>	<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>
Smith & Wesson Corp.	Handgun	D359098	6/6/95
Smith & Wesson Corp.	Rear sight for a handgun	D352087	11/1/94
Smith & Wesson Corp.	Pistol grip	D325953	5/5/92
Smith & Wesson Corp.	Handgun	D377513	1/21/97
Smith & Wesson Corp.	Two-piece trigger	D371591	7/9/96
Smith & Wesson Corp.	Magazine butt plate	D362044	9/5/95
Smith & Wesson Corp.	Reversible magazine catch mechanism for handguns	4899476	2/13/90
Smith & Wesson Corp.	Retainer for revolver yoke stud	4934081	6/19/90
Smith & Wesson Corp.	Integral grip construction for handguns	4936036	6/26/90
Smith & Wesson Corp.	Decocking mechanism for a semi-automatic firearm	5086579	2/1/92
Smith & Wesson Corp.	Fail safe stop for a drill press control device	5127775	7/7/92
Smith & Wesson Corp.	Hinged handcuffs	5205142	4/27/93
Smith & Wesson Corp.	Square extractor for the removal of cartridge cases from the chambers of a revolver	5218148	6/8/93
Smith & Wesson Corp.	Fire control mechanism for semi-automatic pistols	5386659	2/7/95
Smith & Wesson Corp.	Safety trigger for a firearm	5402593	4/4/95
Smith & Wesson Corp.	Butt plate assembly for handgun magazines	5438783	8/8/95
Smith & Wesson Corp.	Magazine safety	5438784	8/8/95
Smith & Wesson Corp.	Magazine cartridge guide	5615505	4/1/97
Smith & Wesson Corp.	Semi-automatic pistol	5717156	2/10/98
Smith & Wesson Corp.	Firearm having chamber status indicator and firearm retrofitting method	6161322	12/19/00
Smith & Wesson Corp.	Biometrically activated lock and enablement system	6260300	7/17/01
Smith & Wesson Corp.	Firearm frame and barrel assembly, method of assembling and assembly tool	6266908	7/31/01
Smith & Wesson Corp.	Process for treating metal workpieces	6267825	7/31/01

<u>HOLDER</u>	<u>PATENT</u>	<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>
Smith & Wesson Corp.	Firing control system for non-impact fired ammunition	6286241	9/11/01
Smith & Wesson Corp.	A security apparatus for a firearm	6286242	9/11/01
Smith & Wesson Corp.	Firearm having an intelligent controller	6321478	11/27/01
Smith & Wesson Corp.	Blast shield apparatus and method of assembly for a revolver	6330761	12/18/01
Smith & Wesson Corp.	Backstrap module for a firearm	6345461	2/12/02
Smith & Wesson Corp.	Firing mechanism for use in a firearm having an electronic firing probe for discharging non-impact fired ammunition	6345462	2/12/02
Smith & Wesson Corp.	Authorization module for activating a firearm and method of using same	6357156	3/19/02
Smith & Wesson Corp.	Firing control system for non-impact fired ammunition	6357157	3/19/02
Smith & Wesson Corp.	Security apparatus for authorizing use of a non-impact firearm	6360468	3/26/02
Smith & Wesson Corp.	An electronically fired revolver utilizing percussively actuated cartridges	6360469	3/26/02
Smith & Wesson Corp.	Firing probe for use in a non-impact firearm	6360470	3/26/02
Smith & Wesson Corp.	Ammunition magazine for use in a firearm adapted for firing non-impact detonated cartridges	6370806	4/16/02
Smith & Wesson Corp.	Firing pin block for pistol	6374526	4/23/02
Smith & Wesson Corp.	A modular firearm and method for making the same	6393751	5/28/02
Smith & Wesson Corp.	Electric firing probe for detonating electrically-fired ammunition in a firearm	6397508	6/4/02
Smith & Wesson Corp.	Slide assembly for a firearm	6405473	6/18/02
Smith & Wesson Corp.	Electronic sight assembly for use with a firearm	6412208	7/2/02
Smith & Wesson Corp.	A security apparatus for use in a firearm	6421944	7/23/02
Smith & Wesson Corp.	A trigger assembly for use in a firearm having a security apparatus	6425199	7/30/02

<u>HOLDER</u>	<u>PATENT</u>	<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>
Smith & Wesson Corp.	Method of assembling a firearm having a security apparatus	6430860	8/13/02
Smith & Wesson Corp.	Backstrap module configured to receive components and circuitry of a firearm capable of firing non-impact fired ammunition	6434875	8/20/02
Smith & Wesson Corp.	Magazine safety	6457271	10/1/02
Smith & Wesson Corp.	Firearm having chamber status indicator and firearm retrofitting method	6493977	12/17/02
Smith & Wesson Corp.	Magazine safety	6519887	2/18/03
Smith & Wesson Corp.	Revolver-safety lock mechanism	6523294	2/25/03
Smith & Wesson Corp.	Backstrap assembly for an electronic firearm	6523296	2/25/03
Smith & Wesson Corp.	Scandium containing aluminum alloy firearm	6557289	5/6/03
Smith & Wesson Corp.	Electronically fired revolver utilizing a latch mechanism between trigger and hammer to implement firing	6571502	6/3/03
Smith & Wesson Corp.	Firearm frame and barrel assembly	6574898	6/10/03
Smith & Wesson Corp.	Firearm having chamber status indicator and firearm retrofitting method	6622411	9/23/03
Smith & Wesson Corp.	Scandium containing aluminum alloy firearm	6711819	3/30/04
Smith & Wesson Corp.	Firearm including biometric skin sensor	6711843	3/30/04
Smith & Wesson Corp.	Apparatus and method for removing the slide of a semi-automatic pistol	6865979	3/15/05
Smith & Wesson Corp.	Compact locking block for semi-automatic pistols	6993864	2/7/06
Smith & Wesson Corp.	Cylinder retaining mechanism	7059075	6/13/06
Smith & Wesson Corp.	Magazine and slide lever assembly for a semi-automatic firearm	7069683	7/4/06
Smith & Wesson Corp.	Apparatus and method for removing the slide of a semi-automatic pistol	7140141	11/28/06
Smith & Wesson Corp.	Double locking handcuffs	7251964	08/07/07
Smith & Wesson Corp.	Firing mechanism for semi-automatic pistols	7194833	03/27/07
Smith & Wesson Corp.	Rimfire extractor for a revolver	7263795	09/04/07

<u>HOLDER</u>	<u>PATENT</u>	<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>
Smith & Wesson Corp.	Revolver for firing high velocity ammunition	7254913	08/14/07
Smith & Wesson Corp.	Blast Shield Apparatus and Method of Assembly for a Revolver	6330761	12/18/01
Bear Lake Holdings, Inc.	Hammer Block Device	4854065	08/08/89
Bear Lake Holdings, Inc.	Fire Control Mechanism for a Firearm	5615507	04/01/97
Bear Lake Holdings, Inc.	Barrel for Muzzle Loading Firearm	5639981	06/17/97
Bear Lake Holdings, Inc.	Fire Control System for Firearms	5680722	10/28/97
Bear Lake Holdings, Inc.	Barrel for Muzzle Loading Firearm	5782030	07/21/98
Bear Lake Holdings, Inc.	Ignition Assembly for Muzzle Loading Firearm	5907920	06/01/99
Bear Lake Holdings, Inc.	Breech Plug for Muzzle Loading Firearm	6219951	04/24/01
Bear Lake Holdings, Inc.	Breech Plug for Muzzle Loading Firearm	6532692	03/18/03
Bear Lake Holdings, Inc.	Lever-Operated Breechlock for Muzzle-Loading Firearm	6604311	08/12/03
Thompson Center Arms Company, Inc.	Ramrod for a Muzzle-Loading Firearm	6145235	11/14/00
Thompson Center Arms Company, Inc.	Firearm Hammer with Adjustable Spur	7140138	11/28/06
Thompson Center Arms Company, Inc.	Muzzle Loading Rifle with Movable Extractor	7257917	08/21/07

Patent Applications

<u>HOLDER</u>	<u>PATENT</u>	<u>APPLICATION NUMBER</u>	<u>APPLICATION DATE</u>
Smith & Wesson Corp.	High velocity ammunition system and firearm	20060011092	5/25/05
Smith & Wesson Corp.	Firearm frame with configurable grip	20060150467	12/22/05
Smith & Wesson Corp.	Firearm with modular sear and trigger mechanism housings	20060156607	12/22/05
Smith & Wesson Corp.	Positive striker lock safety for use with a firearm	20060162220	12/22/05
Smith & Wesson Corp.	Fire control mechanism for a firearm	20060248772	12/22/05
Smith & Wesson Corp.	Locking apparatus for a firearm	20060191182	12/22/05
Smith & Wesson Corp.	Wire brushing for use with a firearm barrel	2006085508	12/22/05
Smith & Wesson Corp.	Apparatus and method for firearm takedown	20060249014	12/22/05
Smith & Wesson Corp.	Firearm extractor mechanism	20060185212	12/22/05
Smith & Wesson Corp.	Objective lens assembly for telescopic device	Serial No. 09/902,807	7/12/01
Smith & Wesson Corp.	Compensation system for a firearm	Serial No. 10/773,500	2/6/04
Thompson Center Arms Company, Inc.	Muzzle Loading Rifle with Removable Breech Plug	20070137084	06/21/07
Thompson Center Arms Company, Inc.	Muzzle Loading Rifle with Breech Plug Having Gas Seal Facility	20070163162	07/19/07
Thompson Center Arms Company, Inc.	Rifle Stock with Recoil Absorption Facility	20070175077	08/02/07
Thompson Center Arms Company, Inc.	Lubricant Distribution Facility for Threaded Rifle Breech	Serial No. 11/505,212	08/15/06
Thompson Center Arms Company, Inc.	Muzzle Loading Rifle with Removable Breech Plug	Serial No. 11/649,458	01/03/07

TRADEMARK SECURITY AGREEMENT

Trademark Security Agreement, dated as of November 30, 2007, by Smith & Wesson Corp., a Delaware corporation, Smith & Wesson Holding Corporation, a Nevada corporation, Thompson/Center Arms Company, Inc., a New Hampshire corporation, and Bear Lake Holdings, Inc., a Delaware corporation (collectively, the “Pledgors”), in favor of Toronto Dominion (Texas) LLC, in its capacity as Administrative Agent pursuant to the Credit Agreement (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Pledgors are party to a Pledge and Security Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Confirmation of Grant of Security Interest in Trademark Collateral. The Pledgors hereby confirm the grant to the Administrative Agent for the benefit of the Secured Parties in the Security Agreement of a lien on and security interest in and to all of their right, title and interest in, to and under all the following Pledged Collateral of the Pledgors:

- (a) Trademarks of the Pledgors, including but not limited to the Trademarks listed on Schedule A attached hereto , in each case whether now owned or existing or hereafter acquired or arising and wherever located;
- (b) all Goodwill associated with such Trademarks; and
- (c) all Proceeds of any and all of the foregoing (other than Excluded Property).

SECTION 3. Security Agreement. The Pledgors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Trademarks confirmed hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Trademark Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Administrative Agent shall otherwise determine.

SECTION 4. Termination. Upon the payment in full of the Obligations (other than contingent indemnification obligations) and automatic termination of the Security Agreement, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument

in writing in recordable form evidencing the release of the collateral pledge, grant, assignment, lien and security interest in the Trademarks under the Security Agreement and this Trademark Security Agreement.

SECTION 5. Counterparts. This Trademark Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Trademark Security Agreement by signing and delivering one or more counterparts.

[Signature Page Follows]

[Signature Page to Smith & Wesson Corp. Trademark Security Agreement]

IN WITNESS WHEREOF, the Pledgors have caused this Trademark Security Agreement to be executed and delivered by its duly authorized offer as of the date first set forth above.

Very truly yours,

SMITH & WESSON CORP.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

SMITH & WESSON HOLDING CORPORATION

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

THOMPSON/CENTER ARMS COMPANY, INC.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

BEAR LAKE HOLDINGS, INC.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

Accepted and Agreed:

TORONTO DOMINION (TEXAS) LLC,
as Administrative Agent

By: /s/ Ian Murray

Name: Ian Murray

Title: Authorized Signatory

**SCHEDULE A
TRADEMARKS**

OWNER: SMITH & WESSON CORP.

TRADEMARK	FILING DATE REGISTRATION NO.
”.357” MAGNUM	4/23/35
	323,654
AIRLITE	5/26/98
	2,160,999
AIRLITE SC (and Design)	8/7/01
	2,475,687
AIRLITE TI (Stylized)	10/29/02
	2,641,461
AIRWEIGHT	2/16/54
	585,831
BODYGUARD	8/9/94
	1,849,219
CARRY COMP	7/14/98
	2,172,420
CHIEF’S SPECIAL	2/24/76
	1,034,286
CLUB 1852	1/24/06
	3,049,932
COMBAT MAGNUM	12/16/80
	1,143,296
GUN HAMMER & TRIGGER COLORING (and Design)	1/12/26
	0,207,951
HERITAGE SERIES	5/6/03
	2,714,414
LADY SMITH (Stylized)	1/23/90
	1,578,910
MAGNUM	5/6/03
	2,713,007
MAGNUM	6/4/35
	324,894
MOUNTAIN GUN	8/16/94
	1,850,300
MOUNTAIN LITE	9/18/01
	2,490,870
S&W PERFORMANCE CENTER (and Design)	3/3/92
	1,677,907

TRADEMARK	FILING DATE REGISTRATION NO.
RAIN SHIELD	7/6/04
S&W (Letters)	2,860,968
S&W MONOGRAM (NEW LOGO) (and Design)	10/14/13
S&W MONOGRAM (NEW LOGO) (and Design)	93767
S&W MONOGRAM (NEW LOGO) (and Design)	11/21/06
S&W MONOGRAM (NEW LOGO) (and Design)	3174786
SHORTY	10/20/92
SMITH & WESSON	1,724,977
SMITH & WESSON	3/9/93
SMITH & WESSON	1,757,500
SMITH & WESSON	9/20/77
SMITH & WESSON (Stylized)	1,073,794
SMITH & WESSON ACADEMY (and Design)	6/30/98
SMITH & WESSON PERFORMANCE CENTER	2,169,090
SW (and Design)	11/7/06
S&W MONOGRAM (OLD LOGO) (and Design)	3169365
SW (and Design)	11/8/88
SW SMITH & WESSON COLLECTORS ASSOCIATION (and Design)	1,511,511
TEXAS HOLD'EM	7/19/77
THE SIGMA SERIES	1,069,977
M&P MILITARY POLICE (Stylized)	8/4/92
	1,704,640
	2/3/14
	95164
	8/7/01
	2,475,890
	10/8/91
	1,660,123
	6/20/00
	2,359,691
	10/14/13
	93766
	9/20/77
	1,073,794
	2/27/96
	1,958,275
	4/25/06
	3,085,199
	8/1/95
	1,909,269
	11/13/2007
	3,336,344

TRADEMARK	FILING DATE REGISTRATION NO.
PROTECTED BY SMITH & WESSON	Serial No. 78/919,216 (Pending)
M&P SMITH & WESSON MILITARY & POLICE (Stylized)	Serial No. 78/677,811 (Pending)
MILITARY POLICE (Stylized and/or Design)	Serial No. 78/619,034 (Pending)
S&W MONOGRAM (NEW LOGO) (and Design)	Serial No. 78/727,817 (Pending)
SMITH & WESSON	Serial No. 78/727,792 (Pending)
SMITH & WESSON	Serial No. 78/618,451 (Pending)
1000 SERIES	11/03/06
	Serial No. 77/036,739 (Pending)
ALLIED FORCES	11/30/06
	Serial No. 77/054,464 (Pending)
ELITE GOLD	09/29/06
	Serial No. 77/011,008 (Pending)
ELITE SERIES	11/07/06
	Serial No. 77/038,337 (Pending)
ELITE SILVER	09/29/06
	Serial No. 77/011,027 (Pending)
I-BOLT	09/29/06
	Serial No. 77/010,641 (Pending)
S&W 500	08/15/07
	Serial No. 77/256,256 (Pending)
SMITH & WESSON HEIRLOOM WARRANTY	10/27/06
	Serial No. 77/031,477 (Pending)

OWNER: SMITH & WESSON HOLDING CORPORATION

TRADEMARK	FILING DATE REGISTRATION NO.
VERSAVAULT	12/16/03
	2,795,541
SAF-T-HAMMER (and Design)	03/04/03
	2692585
SAF-T-TRIGGER	11/05/02
	2647540

OWNER: THOMPSON CENTER ARMS COMPANY, INC.

TRADEMARK	FILING DATE REGISTRATION NO.
FLINT RIVER	02/20/07 3210441
MAG EXPRESS	06/12/07 3251026
MAXIMA	12/19/06 3186830
NUMBER 13	08/22/06 3132600
R55	12/19/06 3186829
T/C	02/20/07 3210440
TC (and Design)	02/13/07 3207677
U-VIEW	02/13/07 3208075
XR	01/09/07 3196396
AMERICA'S MASTER GUNMAKER	08/15/06 3131465
BENCHMARK	03/27/07 3221572
CONTENDER	06/12/07 3251768
POWER ROD	11/20/07 3338956
FLEXTECH	10/16/07 3314141
GORILLA GRIP	10/30/07 3327213
SPEED BREECH	10/16/07 3314142
SWING HAMMER	10/16/07 3314296
T17	10/16/07 3314423
TRIUMPH	10/16/07 3314640
FLINT RIVER	08/24/05 Serial No. 78/699,927 (Pending)

TRADEMARK	FILING DATE REGISTRATION NO.
GAME TRAILS	08/25/05
ICON	Serial No. 78/700,223 (Pending) 05/16/06
OMEGA	Serial No. 78/885,028 (Pending) 08/24/05
OMEGA	Serial No. 78/699,386 (Pending) 08/24/05
POWER CELL	Serial No. 78/699,907 (Pending) 08/24/05
SHOCK WAVE	Serial No. 78/699,929 (Pending) 02/01/06
T7	Serial No. 78/804,535 (Pending) 02/01/06
WARLORD	Serial No. 78/804,481 (Pending) 08/10/06
WEATHER SHIELD	Serial No. 78/949,717 (Pending) 10/02/06
	Serial No. 77/011,622 (Pending)

OWNER: BEAR LAKE HOLDINGS, INC.

TRADEMARK	FILING DATE REGISTRATION NO.
ENCORE	03/02/99 2227763
ENCORE (and Design)	04/06/99 2236581
MAXI-HUNTER	01/19/88 1473059
PRE-LUBER	10/25/88 1510055
QLA	06/15/99 2252792
QLA QUICK LOAD ACCURIZOR TC (and Design)	02/23/99 2225456
QUICK LOAD ACCURIZOR	07/06/99 2260092

When recorded return to:
Susan M. Saliba, Esq.
Edwards Angell Palmer & Dodge LLP
111 Huntington Avenue
Boston, MA 02199
(617) 951-3318

(2100 Roosevelt Avenue and 299 Page Boulevard,
Hampden County, Springfield, MA)

**MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING**

THIS **MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING** (as the same may be amended, restated or otherwise modified from time to time, this "Mortgage") is dated as of November 30, 2007, between **SMITH & WESSON CORP.**, a Delaware corporation with its principal place of business at 2100 Roosevelt Avenue, Springfield, Massachusetts 01102 (the "Mortgagor"), and **TORONTO DOMINION (TEXAS) LLC**, a Delaware limited liability company, in its capacity as administrative agent for itself, the Lenders (as defined below) and the other Secured Parties (as defined in the Credit Agreement referred to below), with an office at 31 West 52nd Street, 19th Floor, New York, New York 10019 (together with its successors and assigns, in said capacity, the "Administrative Agent"). Capitalized terms used but not defined herein shall have the meanings given such terms in the Credit Agreement referred to below.

RECITALS:

WHEREAS, this Mortgage is made pursuant to a certain Credit Agreement of even date herewith (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"), by and among the Mortgagor, the other Borrowers thereunder (collectively with the Mortgagor, the "Borrowers"), the Administrative Agent, and the lenders party thereto

from time to time (the "Lenders"). The Credit Agreement provides, among other things, for Loans and other financial accommodations to and for the benefit of the Borrowers and the issuance of Letters of Credit thereunder; and

WHEREAS, the Mortgagor, the Administrative Agent and the other parties thereto have entered into a certain Pledge and Security Agreement of even date herewith (as the same may be amended, restated or otherwise modified from time to time, the "Security Agreement"); and

WHEREAS, Smith & Wesson Holding Corporation, a Nevada corporation, the Mortgagor, and the other parties thereto from time to time as guarantors, entered into a certain Holdings/Smith & Wesson Corp. Guaranty of even date herewith in favor of the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Holdings/S&W Corp. Guaranty"); and

WHEREAS, the Mortgagor, Thompson/Center Arms Company, Inc., a New Hampshire corporation, and the other parties thereto from time to time as guarantors, entered into a certain Operating Companies Guaranty of even date herewith in favor of the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Operating Companies Guaranty"); and

WHEREAS, this Mortgage secures to the Administrative Agent, for the benefit of the Administrative Agent, the Lenders and the other Secured Parties (all of the following, collectively, the "Secured Obligations"): (a) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other Borrowers arising under, out of or in connection with the Credit Agreement, any and all promissory notes issued pursuant thereto (including, without limitation, those certain promissory notes of even date herewith issued by one or more of the Borrowers to the order of one or more of the Lenders in the aggregate original principal amount of \$123,303,400.23, as the same may be amended, extended, restated, substituted or otherwise modified from time to time), and the other Loan Documents, including, without limitation, all Loans, all LC Exposure, all advances and readvances of principal and future advances made pursuant to the Credit Agreement and the other Loan Documents, and all other Obligations; (b) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other guarantors arising under the Holdings/S&W Corp. Guaranty; (c) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other guarantors arising under the Operating Companies Guaranty; (d) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other Borrowers arising under, out of or in connection with any and all Swap Agreements, including, without limitation, all Swap Obligations; (e) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other Borrowers arising under, out of or in connection with any and all cash management services, including, without limitation, all Cash Management Services Obligations; (f) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other Borrowers arising under, out of or in connection with any and all foreign exchange contracts, including, without limitation, all Foreign Exchange Obligations; (g) the due and punctual payment of all other sums, with interest thereon,

advanced in accordance herewith to protect the security of this Mortgage; (h) the performance of the covenants and agreements of the Mortgagor and the other Borrowers contained in this Mortgage, the Credit Agreement, the Security Agreement, the other Loan Documents, and any other agreements, documents or instruments now or hereafter evidencing the Secured Obligations, as applicable; and (i) each renewal, extension, consolidation or refinancing of any of the foregoing, in whole or in part; and

WHEREAS, it is a requirement under the Credit Agreement that the Mortgagor shall have executed and delivered to the Administrative Agent this Mortgage; and

WHEREAS, the Mortgagor will obtain benefits from the making of the Loans, the issuance of the Letters of Credit and the making of the other financial accommodations as set forth in the Credit Agreement and, accordingly, desires to execute this Mortgage in order to satisfy the condition described in the preceding paragraph and to induce the Lenders to make the Loans, issue the Letters of Credit and make the other financial accommodations as set forth in the Credit Agreement.

NOW THEREFORE, in consideration of the benefits accruing to the Mortgagor, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby makes the following representations and warranties to the Administrative Agent and the other Secured Parties (as hereinafter defined) and hereby covenants and agrees with the Administrative Agent and the other Secured Parties as follows:

ARTICLE 1 – GRANTS OF SECURITY

Section 1.1 Property Mortgaged. For good and valuable consideration, in order to secure the Secured Obligations, the Mortgagor does hereby irrevocably give, grant, bargain, sell, convey, assign, confirm, grant a first priority mortgage and security interest in, and transfer to the Administrative Agent, **WITH MORTGAGE COVENANTS, UPON THE STATUTORY CONDITION AND WITH THE STATUTORY POWER OF SALE**, all of the following property, rights, interests and estates now owned, or hereafter acquired, by the Mortgagor (collectively, the “Property”):

(a) Land. The real property described in Exhibit A attached hereto and made a part hereof (collectively, the “Land”), together with additional lands, estates and development rights hereafter acquired by the Mortgagor for use in connection with the development, ownership or occupancy of such real property, and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Mortgage;

(b) Improvements. The buildings, structures, fixtures, additions, accessions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (the “Improvements”);

(c) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any

nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, property, possession, claim and demand whatsoever, both at law and in equity, of the Mortgagor of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(d) Fixtures and Personal Property. All machinery, equipment, goods, inventory, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by the Mortgagor, or in which the Mortgagor has or shall have any right, title or interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, and usable in connection with the present or future use, maintenance, enjoyment, operation and occupancy of the Land and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by the Mortgagor, or in which the Mortgagor has or shall have any right, title or interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Land and the Improvements, and the right, title and interest of the Mortgagor in and to any of the Personal Property (as hereinafter defined), and all proceeds and products of the above;

(e) Leases and Rents. All leases and other agreements affecting the use, enjoyment or occupancy of the Land and the Improvements heretofore or hereafter entered into, whether before or after the filing by or against the Mortgagor of any petition for relief under 11 U.S.C. § 101 *et seq.*, as the same maybe amended from time to time (the "Bankruptcy Code") (individually, a "Lease"; collectively, the "Leases") and all right, title and interest of the Mortgagor, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents (including all tenant security and other deposits), additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements whether paid or accruing before or after the filing by or against the Mortgagor of any petition for relief under the Bankruptcy Code (collectively the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Secured Obligations ;

(f) Condemnation Awards. All awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(g) Insurance Proceeds. All proceeds of and any unearned premiums on any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property;

(h) Tax Certiorari. All refunds, rebates or credits in connection with a reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction;

(i) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, proceeds of insurance and condemnation awards, into cash or liquidation claims;

(j) Rights. The right, in the name and on behalf of the Mortgagor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of the Administrative Agent in the Property;

(k) Agreement. Except for those agreements that by their terms are not assignable, all agreements, contracts (including purchase, sale, option, right of first refusal and other contracts pertaining to the Property), certificates, instruments, franchises, permits, licenses, approvals, consents, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Property (including any Improvements or respecting any business or activity conducted on the Land and any part thereof) and all right, title and interest of the Mortgagor therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to the Mortgagor thereunder (each a "Property Agreement" and collectively, the "Property Agreements");

(l) Other Rights. Any and all other rights of the Mortgagor in and to the Property and any accessions, renewals, replacements and substitutions of all or any portion of the Property and all proceeds and products of the Property or any portion thereof; and

(m) Books and Records. All books and records relating to any of the foregoing.

Section 1.2 Assignment of Rents. The Mortgagor hereby absolutely and unconditionally assigns to the Administrative Agent for the benefit of itself, the Lenders and the other Secured Parties all of the Mortgagor's right, title and interest in and to all current and future Leases and Rents; it being intended by the Mortgagor that this assignment constitutes a present, absolute and unconditional assignment and not an assignment for additional security only; provided that the Mortgagor will be entitled to receive such Rents until an Event of Default has occurred hereunder.

Section 1.3 Security Agreement. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code as adopted and enacted by the State or States where any of the Property is located (the "Uniform Commercial Code"). The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of the Mortgagor in the Property. The Mortgagor by executing and delivering this Mortgage has granted and hereby grants to the Administrative

Agent for the benefit of itself, the Lenders and the other Secured Parties, as security for the Secured Obligations, a security interest in the Property to the full extent that the Property may be subject to the Uniform Commercial Code (said portion of the Property so subject to the Uniform Commercial Code being called in this paragraph the “Collateral”). This Mortgage shall also be effective as a “fixture filing” as to Property which is or is to become fixtures. For purposes of this Section 1.3, (i) the Mortgagor shall be deemed the “Debtor” with the address set forth for the Mortgagor in the first paragraph of this Mortgage which the Mortgagor certifies as accurate; (ii) the Administrative Agent shall be deemed to be the “Secured Party” with the address set forth for the Administrative Agent in the first paragraph of this Mortgage and shall have all of the rights of a secured party under the Uniform Commercial Code, (iii) this Mortgage covers all items of the Property which constitute personal property and which are or will become fixtures on the Land, (iv) the Mortgagor is the record owner of the Land, (v) the organizational identification number of the Mortgagor is 2114661, (vi) the Mortgagor is a corporation organized under the laws of the State of Delaware, and (vii) the exact legal name of the Mortgagor is Smith & Wesson Corp. Information concerning the security interest herein granted may be obtained from the parties at the addresses of the parties set forth in the first paragraph of this Mortgage. The Mortgagor shall promptly advise Administrative Agent of the accrual of any commercial tort claims involving the Property. In the event of any change in name, identity, structure, or jurisdiction or form of organization of the Mortgagor, the Mortgagor shall notify the Administrative Agent thereof in accordance with the Security Agreement. The Administrative Agent shall be authorized to prepare and file (without the signature of the Mortgagor) such Uniform Commercial Code forms as Agent may deem necessary from time to time to maintain the priority of the Administrative Agent’s lien upon and security interest in the Property, and the Mortgagor shall pay all expenses and fees in connection with such filings. Notwithstanding anything to the contrary contained in this Mortgage, the mortgage lien and security interest created by the Mortgage shall not extend to, and the term “Property” shall not include, any Excluded Property (as such term is defined in the Security Agreement).

Section 1.4 Pledge of Monies Held. The Mortgagor hereby assigns to the Administrative Agent all insurance proceeds paid in connection with the Property and all condemnation awards and payments described in Section 3.4, as additional security for the Secured Obligations and shall be paid and applied in accordance with the Credit Agreement.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto the Administrative Agent, and the successors and assigns of the Administrative Agent, forever, PROVIDED, HOWEVER, the Administrative Agent shall release this Mortgage and the lien hereof by proper instrument upon indefeasible payment in full in cash and discharge of all Secured Obligations and the termination of all commitments of the Administrative Agent and the Lenders to the Borrowers thereunder (including, without limitation, all commitments to make advances and readvances of principal), including payment of all reasonable expenses incurred by the Administrative Agent in connection with the preparation and execution of such release. Notwithstanding the foregoing, the Mortgagor’s obligation to indemnify and hold harmless the Administrative Agent and the other Secured Parties pursuant to the provisions hereof with respect to matters relating to any period of time during which this Mortgage was in effect shall survive any such payment or release.

ARTICLE 2 – OBLIGATIONS SECURED

Section 2.1 Loans and Other Obligations. This Mortgage and the grants, security interests, assignments and transfers made in Article 1 are given for the purpose of securing the Secured Obligations, in such order of priority as specified in the Credit Agreement.

ARTICLE 3 – MORTGAGOR COVENANTS

Section 3.1 Payments. The Mortgagor shall promptly pay and perform all of the Secured Obligations when due in accordance with the Credit Agreement and the other Loan Documents.

Section 3.2 Insurance. The Mortgagor shall obtain and maintain all of the insurance required pursuant to Section 6.09 of the Credit Agreement. The Mortgagor will promptly give written notice of any casualty or other insured damage to any material portion of the Property to the Administrative Agent in accordance with Section 6.10 of the Credit Agreement. Any and all insurance proceeds payable to the Mortgagor from any such casualty or other insured damage are hereby assigned to the Administrative Agent and shall be paid and applied in accordance with Section 2.17 of the Credit Agreement.

Section 3.3 Payment of Taxes, Etc. The Mortgagor shall pay all taxes, assessments, water rates, sewer rents, governmental impositions, and other charges now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Taxes"), all ground rents, all premiums for insurance, maintenance charges and similar charges, now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Other Charges"), and all charges for utility services provided to the Property as the same become due and payable, subject to the Mortgagor's right to contest the same as and to the extent permitted by the Credit Agreement. The Mortgagor will deliver to the Administrative Agent, promptly upon the Administrative Agent's request, evidence satisfactory to the Administrative Agent that the Taxes, Other Charges and utility service charges have been so paid or are not then delinquent. The Mortgagor shall not allow and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Property. Except to the extent sums sufficient to pay all Taxes and Other Charges have been deposited with the Administrative Agent in accordance with the terms of this Mortgage, the Mortgagor shall furnish to the Administrative Agent, upon the Administrative Agent's request, paid receipts for the payment of the Taxes and Other Charges prior to the date the same shall become delinquent. The Mortgagor pay when due all operating costs of the Property.

Section 3.4 Condemnation. If any action shall be commenced or any written notice shall be received for the taking by exercise of the power of eminent domain of title to or the temporary use of all or any part of the Property, or in the event of any private sale in lieu thereof (in any case, a "Taking"), the Mortgagor will promptly give written notice thereof to the Administrative Agent in accordance with Section 6.10 of the Credit Agreement. Any and all proceeds payable to the Mortgagor from any award made in respect of any Taking are hereby assigned to the Administrative Agent; any and all proceeds of any Taking paid to the Mortgagor or the Administrative Agent shall be paid and applied in accordance with Section 2.17 of the Credit Agreement.

Section 3.5 Maintenance of Property. The Mortgagor shall cause the Property to be maintained and operated in a good and safe condition and repair and in at least as good condition and repair as same was on the date hereof or in such better condition as same may thereafter be put (ordinary wear and tear excepted but damage from casualty expressly not excepted), and will not commit or suffer any waste of any of the Property. The Mortgagor shall not use, maintain or operate the Property in any manner which constitutes a public or private nuisance or which makes void, voidable, or cancelable, or increases the premium of, any insurance then in force with respect thereto. Except as provided in Section 7.05 of the Credit Agreement, the Improvements and the Collateral shall not be removed, demolished or materially altered without the prior written consent of the Administrative Agent. The Mortgagor shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in Section 3.4 hereof, to a condition substantially similar to the condition immediately prior to the foregoing, whether or not proceeds of insurance (or proceeds in connection with any Taking) are available or sufficient for the purpose. The Mortgagor shall complete within a reasonable time and pay for any structure or other Improvement now or at any time in the process of construction or repair on the Land.

Section 3.6 Use of Property; Zoning. The Mortgagor covenants that the Property shall be used only for purposes permitted by applicable zoning laws. The Mortgagor further covenants that the Mortgagor will not change or permit any change in the use or general nature of the occupancy of the Property as it exists as of the date of this Mortgage, without the Administrative Agent's prior written consent. The Mortgagor shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law (including, without limitation, any zoning reclassification) or other public or private restriction, limiting or defining the uses which may be made of the Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, the Mortgagor will not cause or permit the nonconforming use to be discontinued or abandoned without the express written consent of the Administrative Agent. The Mortgagor shall not take any steps whatsoever to convert the Property, or any portion thereof, to a condominium or cooperative form of management.

Section 3.7 Compliance with Laws, etc. The Mortgagor shall promptly comply, in all respects, with all existing and future federal, state and local laws, orders, ordinances, governmental rules and regulations or court orders affecting the Property, or the use thereof, including, but not limited to, the Americans with Disabilities Act (the "ADA") (collectively "Applicable Laws"), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Mortgagor shall keep the Property in compliance in all respects with all Applicable Laws, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Mortgagor shall give prompt notice to the Administrative Agent of the receipt by the Mortgagor of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws. The Mortgagor shall take appropriate measures to prevent and will not engage in or knowingly permit any illegal activities at the Property. The Mortgagor shall obtain and maintain in full force and effect, and abide by and satisfy the terms and conditions of, all material permits, licenses, registrations and other authorizations with or granted by any governmental authorities

that may be required from time to time with respect to the performance of its obligations under this Mortgage. The Mortgagor shall comply with the terms and conditions of the Property Agreements and will not amend, supplement or terminate any material Property Agreement without, in each instance, the prior written consent of the Administrative Agent.

Section 3.8 . Books and Records. The Mortgagor shall comply with all record keeping and financial disclosure requirements as set forth in the Credit Agreement.

Section 3.9 Deposits for Taxes and Other Charges. At any time after the occurrence of an Event of Default hereunder, the Mortgagor, upon request from the Administrative Agent, will pay to the Administrative Agent, on the first day of each and every month thereafter ensuing, in addition to any other payments required hereunder, under the Credit Agreement and/or under any of the other Loan Documents, an amount equal to 1/12th of all Taxes and Other Charges on or against any of the Property to become payable during the ensuing 12 months, as estimated from time to time by the Administrative Agent (but with the first such payment to be in such amount as shall, with the succeeding payments, be sufficient to pay all such amounts at least 30 days before they become due and payable), such sums to be held by the Administrative Agent (but without any obligation to pay interest thereon, except to the extent required by law) and applied to the payment of such premiums, taxes and assessments. If the sums collected under this Section 3.9 are insufficient to pay the Taxes and Other Charges as they become due and payable, then the Mortgagor shall pay to the Administrative Agent promptly upon demand any amount necessary to make up the deficiency on or before the date when such amounts shall be due. Any amount collected hereunder from time to time, until the same shall be applied as above provided, shall constitute additional collateral security for the indebtedness secured by this Mortgage; and in the event of any Event of Default, any part or all of such amounts may be applied by the Administrative Agent, at its option, to the Secured Obligations pursuant to the Credit Agreement. If the funds so deposited exceed the amount required to pay such Taxes and Other Charges for any year, the excess shall be applied toward subsequent deposits. Said deposits need not be kept separate and apart from any other funds of the Administrative Agent. The Administrative Agent, in making any payment hereby authorized relating to Taxes and/or Other Charges, may do so according to any bill, statement or estimate procured from the appropriate person, entity or office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof.

Section 3.10 Leases.

(a) The Mortgagor shall not without the Administrative Agent's prior written consent (i) execute or permit to exist any Lease of the Property or any portion thereof, (ii) amend or modify any Lease, (iii) execute any assignment or pledge of any Lease or of the rents or any part thereof from the Property, other than the assignment herein to the Administrative Agent, (iv) except where the lessee under any Lease is in default thereunder, terminate or consent to the cancellation or surrender of such Lease, (v) accept any prepayments of any installment of rents to become due under any Lease for a period exceeding one month, (vi) permit the deferral of or waive or postpone the payment of any rental payment under any Lease, or (vii) permit any transfer or assignment of any Lease or the sublease of the property subject to any Lease.

(b) The Mortgagor shall at all times timely and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all Leases to be kept and performed by the lessor thereunder and shall at all times do all things necessary to compel performance by the lessee under each Lease of all obligations, covenants and agreements by such lessee to be performed thereunder.

(c) The Mortgagor shall furnish to the Administrative Agent, within thirty (30) days after each request by the Administrative Agent to do so, a written statement in respect of any or all of the Leases setting forth the space occupied, the rentals payable thereunder, and such other information as the requesting party may reasonably request.

Section 3.11 Prohibition of Liens and Transfers. Mortgagor shall not, without the prior written consent of the Administrative Agent or except as otherwise expressly permitted by the Credit Agreement, sell, convey, alienate, mortgage, transfer or suffer the transfer (whether voluntary or involuntary) of, or the imposition of any lien or encumbrance (including, without limitation, any mechanics', materialmen's or like lien or claim or other lien or claim for lien) with respect to, legal title to or any beneficial interest in the Property or any portion thereof other than Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement, and will not without the prior written consent of the Administrative Agent lease, license or permit any other person to occupy the whole or any part of the Property, but no such consent by the Administrative Agent shall in any event be deemed a waiver or release of any of the provisions of this Section 3.11 nor a consent to any such sale, conveyance, alienation, mortgage, transfer, leasing, licensing or permission to use or occupy any of the Property on any future occasion, and no such consent nor any such sale, alienation, mortgage, conveyance, transfer, leasing, licensing or permission shall release or discharge the Mortgagor from any obligations or liabilities hereunder, all of which shall continue to be direct and primary in any event. If the Mortgagor now or hereafter is permitted to create or to maintain any lien or encumbrance on any or all of the Property securing any indebtedness or other obligations, the Mortgagor will fully and promptly fulfill and observe each and every covenant and condition contained in each of the agreements and instruments evidencing, securing or otherwise relating to said indebtedness or other obligations. Any sale, alienation, mortgage, conveyance, transfer, leasing or licensing of the Property made in contravention of this Section 3.11 shall be null and void and of no force and effect. The Mortgagor agrees to bear and shall pay or reimburse the Administrative Agent on demand for all reasonable expenses (including, without limitation, all recording costs, reasonable in-house and outside attorneys' fees and disbursements and title search costs) incurred by the Administrative Agent in connection with the review, approval and documentation of any such sale, alienation, mortgage, conveyance, transfer, leasing or licensing of the Property.

Section 3.12 Right to Perform the Mortgagor's Covenants. In the event of any default in the performance of any of the Mortgagor's covenants or agreements herein, whether or not an Event of Default shall have occurred, the Administrative Agent may, at the option of the Administrative Agent, perform the same, and the Administrative Agent may also take all such actions as it deems desirable to prevent or cure any situation or circumstance which might, with the passage of time or giving of notice or both, become an Event of Default. The costs of any and all performance and actions taken under this Section 3.12 shall be paid by the Mortgagor to the Administrative Agent on demand, with interest at the highest applicable rate set forth in the

Credit Agreement (the “Default Rate”), as from time to time in effect, such interest to accrue from the date such cost is incurred by the Administrative Agent through the date of payment by the Mortgagor, and all such costs and such interest shall be secured by this Mortgage.

Section 3.12. Entry. The Administrative Agent and any persons authorized by the Administrative Agent shall have the right to enter any or all of the Land and Improvements to inspect the Property pursuant to Section 6.06 of the Credit Agreement.

ARTICLE 4 – REPRESENTATIONS AND WARRANTIES

The Mortgagor, for itself and its successors and assigns, does hereby represent, warrant and covenant to and with the Administrative Agent and the other Secured Parties, and their respective successors and assigns, that:

Section 4.1 Title. The Mortgagor has good, marketable and indefeasible fee simple title to the Land and the Improvements and good title or valid rights and interests in and to the other Property, subject only to the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement. The possession of the Property has been peaceful and undisturbed and title thereto has not been disputed or questioned to the best of the Mortgagor’s knowledge. Further, the Mortgagor has full power and lawful authority to grant, bargain, sell, convey, assign, transfer, encumber, mortgage and grant a security interest in, its interest in the Property in the manner and form hereby done or intended. The Mortgagor will preserve its interest in and title to the Property and will forever warrant and defend the same to the Administrative Agent against any and all claims whatsoever and will forever warrant and defend the validity and priority of the lien and security interest created herein against the claims of all persons and parties whomsoever, subject to the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement. The foregoing warranty of title shall survive the foreclosure of this Mortgage and shall inure to the benefit of and be enforceable by the Administrative Agent in the event the Administrative Agent (or its designee) or any other Secured Party acquires title to the Property pursuant to any foreclosure.

Section 4.2 No Foreign Person. The Mortgagor is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, and the related Treasury Department regulations, including temporary regulations.

Section 4.3 Permitted Encumbrances. The Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement do not and will not materially interfere with the security of this Mortgage or materially and adversely affect (1) the ability of the Mortgagor to generate income from the Property sufficient to pay and perform the Secured Obligations in a timely manner or (2) the use of the Property for the use currently being made thereof, the operation of the Property as currently being operated or the value of the Property.

Section 4.4 First Lien. Upon the execution by the Mortgagor and the recording of this Mortgage, and upon the filing of UCC financing statements or amendments thereto, the Administrative Agent will have a valid first priority mortgage lien on the Property and a valid, perfected, first priority security interest in all Collateral secured hereby, subject to no liens,

charges or encumbrances other than the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement.

Section 4.5 Access/Utilities. The Property has adequate rights of access to public ways and is served by adequate gas, electric, cable, telephone, water, storm sewer, sanitary sewer and storm drain facilities. All public utilities (including, but not limited to, the foregoing) necessary to the continued use, enjoyment, occupancy, operation and disposition of the Property as presently used and enjoyed are located in the public right-of-way abutting the Property, and all such utilities are connected so as to serve the Property without passing over other property. All streets, roads, highways, bridges and waterways necessary for access to and full use, occupancy, operation and disposition of the Land and the Improvements have been completed, have been publicly dedicated and accepted by the appropriate municipal authority and are open and provide public ingress and egress to the Land and the Improvements, or are the subject of irrevocable, perpetual access easements without condition or cost to the Mortgagor and which easements are for the benefit of the Property and subject to the approval of the Administrative Agent. All liquid and solid waste disposal, septic and sewer systems located on the Property are to the Mortgagor's actual knowledge in a good and safe condition and repair and in compliance with all Applicable Laws.

Section 4.6 Taxes Paid. The Mortgagor has filed all federal, state, county and municipal tax returns required to have been filed by the Mortgagor with respect to the Property, and has paid such returns or to any notice of assessment received by the Mortgagor, and the Mortgagor has no knowledge of any basis for additional assessment with respect to such taxes, except where failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Further, the Property is free from delinquent water charges, sewer rents, taxes and assessments. The Mortgagor and the Property are free from any past due obligations for sales and payroll taxes.

Section 4.7 Single Tax Lot. The Land consists of a single lot or multiple tax lots; no portion of said tax lot(s) covers property other than the Land and no portion of the Land lies in any other tax lot.

Section 4.8 Flood Zone. The Property is not located in a flood hazard area as defined by the Federal Insurance Administration.

Section 4.9 Misstatements of Fact. To the best of the Mortgagor's knowledge, no statement of fact made in the Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not materially misleading. To the best of the Mortgagor's knowledge, there is no fact presently known to the Mortgagor which has not been disclosed which materially adversely affects, nor as far as the Mortgagor can foresee, might materially adversely affect the business, operations or condition (financial or otherwise) of the representing party.

Section 4.10 Condition of Improvements. The Property is free and clear of any damage that would materially and adversely affect its value and, without limiting the foregoing, the Property has not been damaged by fire, water, flood, wind, accident or other cause of loss or casualty, and any previous damage to the Property has been fully restored. The Improvements

are structurally sound, in good repair and free and clear of any defects in materials and workmanship and have been constructed and installed in substantial compliance with the plans and specifications relating thereto. All major building systems located within the Improvements, including, without limitation, the heating and air conditioning systems and the electrical and plumbing systems, are in good working order and condition, ordinary wear and tear excepted. The Property and the present and contemplated use and occupancy thereof are substantially in compliance with all Applicable Laws, including, without limitation, zoning ordinances, building codes, land use and environmental laws, laws relating to the disabled (including, but not limited to, the ADA) and other similar laws.

Section 4.11 Approvals. The Mortgagor has obtained all necessary certificates, permits, licenses and other approvals, governmental and otherwise, necessary for the use, occupancy and operation of the Property and the conduct of its business (including, without limitation, certificates of completion and certificates of occupancy) and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof and not subject to revocation, suspension, forfeiture or modification.

Section 4.12 No Condemnation. No part of any Property has been taken in condemnation or any like proceeding, nor is any proceeding pending, threatened or known to be contemplated for the partial or total condemnation or taking of the Property.

Section 4.13 No Labor or Materialmen Claims. All parties furnishing labor and materials have been paid in full, and there are no mechanics, laborers or materialmen's liens or claims outstanding for work, labor or materials affecting the Property, whether prior to, equal with or subordinate to the lien of this Mortgage.

Section 4.14 Leases. As of the date hereof, there is no Lease affecting the Property or any portion thereof. To the extent the Mortgagor enters into any Lease with respect to the Property or any portion thereof (all in accordance with the terms of this Mortgage), the Mortgagor shall deliver to the Administrative Agent a true, correct and complete copy of each such Lease when any such Lease is executed. Each such Lease shall constitute the legal, valid and binding obligation of the Mortgagor and, enforceable against the tenant thereof. To the extent the Mortgagor enters into any Lease with respect to the Property or any portion thereof (all in accordance with the terms of this Mortgage), the Mortgagor agrees that no such Lease will contain an option or right of first refusal to purchase all or any portion of the Property or any present or future interest therein, the Mortgagor agrees to furnish the Administrative Agent when any such Lease is executed a tenant estoppel certificate and lease subordination, nondisturbance and attornment agreement executed by the tenant under such Lease and in form and substance reasonably satisfactory to the Administrative Agent. Further, upon demand, the Mortgagor will collaterally transfer and assign to the Administrative Agent, in form and substance satisfactory to the Administrative Agent, the lessor's interest in any lease now or hereafter affecting the whole or any part of the Property.

Section 4.15 Security Agreement. There are no security agreements or UCC financing statements affecting any of the Property other than the Security Agreement and the UCC financing statements filed and/or recorded in favor of the Administrative Agent, and the

Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement.

Section 4.16 Omissions. All reports, certificates, affidavits, statements and other data furnished to the Administrative Agent by or on behalf of the Mortgagor in connection with the Loan Documents are true and correct in all material respects and do not omit to state any fact or circumstance necessary to make the statements therein not materially misleading.

ARTICLE 5 – FURTHER ASSURANCES

Section 5.1 Further Acts. The Mortgagor will, at the cost of the Mortgagor, and without expense to the Administrative Agent, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, financing statements, confirmation statements and assurances as the Administrative Agent shall, from time to time, require, for the better assuring, conveying, assigning, transferring, perfecting and confirming unto the Administrative Agent the property and rights hereby mortgaged, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which the Mortgagor may be or may hereafter become bound to convey or assign to the Administrative Agent, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage, or for complying with all Applicable Laws. The Mortgagor, on demand, will execute and deliver and hereby authorizes the Administrative Agent to execute in the name of the Mortgagor or without the signature of the Mortgagor to the extent the Administrative Agent may lawfully do so, one or more UCC financing statements, chattel mortgages or other instruments, to evidence more effectively the security interest of the Administrative Agent in the Property. The Mortgagor grants to the Administrative Agent an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to the Administrative Agent at law and in equity, including without limitation such rights and remedies available to the Administrative Agent pursuant to this Mortgage. Upon receipt of an affidavit of an officer of the Administrative Agent as to the loss, theft, destruction or mutilation of all or any of the Loan Documents which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Loan Document, the Mortgagor, at its expense, will issue or caused to be issued, in lieu thereof, a replacement Loan Document, dated the date of such lost, stolen, destroyed or mutilated Loan Document and otherwise of like tenor.

Section 5.2 Changes in Tax, Debt Credit and Documentary Stamp Laws. If any law is enacted or adopted or amended after the date of this Mortgage which imposes a tax, either directly or indirectly, on the Secured Obligations or the interest of the Administrative Agent or any other Secured Party in the Property, requires revenue or other stamps to be affixed to any of the Loan Documents, or imposes any other tax or charge on the same, the Mortgagor will pay the same, with interest and penalties thereon, if any. If the Administrative Agent is advised by counsel chosen by it that the payment of tax by the Mortgagor would be unlawful or taxable to the Administrative Agent or any other Secured Party or unenforceable or provide the basis for a defense of usury, then the Administrative Agent shall have the right and option, by written notice to the Mortgagor of not less than ninety (90) calendar days, to declare an Event of Default to exist under this Mortgage and to declare the Secured Obligations immediately due and payable.

The Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Secured Obligations for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof; for real estate tax purposes by reason of this Mortgage or the Secured Obligations. If such claim, credit or deduction shall be required by law, the Administrative Agent shall have the option, by written notice of not less than ninety (90) calendar days, to declare an Event of Default to exist under this Mortgage and to declare the Secured Obligations immediately due and payable.

Section 5.3 Confirmation Statements. After request by the Administrative Agent, the Mortgagor, within ten (10) days, shall furnish the Administrative Agent or any proposed assignee with a statement, duly acknowledged and certified, confirming to the Administrative Agent (or its designee) (i) the original principal amount of the Secured Obligations, (ii) the unpaid principal amount of the Secured Obligations, (iii) the rate of interest of the Secured Obligations, (iv) the terms of payment and maturity date of the Secured Obligations, (v) the date installments of interest and/or principal were last paid, and (vi) that, except as provided in such statement, there are no defaults or events which with the passage of time or the giving of notice or both, would constitute an event of default under the Loan Documents.

ARTICLE 6 – DEFAULT

Section 6.1 Events of Default. The occurrence of any one or more of the following events shall constitute an “*Event of Default*”:

- (a) if any Event of Default occurs under the Credit Agreement; or
- (b) if any of the Mortgagor’s representations or warranties hereunder shall prove to be untrue or incomplete in any material fashion when made (or deemed to be repeated); or
- (c) if the Mortgagor shall (except as hereinabove expressly provided or expressly provided in the Credit Agreement or except as the Administrative Agent may otherwise expressly approve in writing) lease, sell, convey, alienate, mortgage, transfer, or suffer the transfer (whether voluntary or involuntary) of, or imposition of any lien or encumbrance (including, without limitation, any mechanics’, materialmen’s or like lien or claim or other lien or claim for lien) with respect to, legal title to or any beneficial interest in the Property or any portion thereof; or
- (d) if the Mortgagor shall be in default in the payment of any monies that may be due pursuant to this Mortgage or if the Mortgagor shall be in default under Section 3.2 (Insurance) of this Mortgage, Section 3.3 (Payment of Taxes, etc.) of this Mortgage, or Section 3.10 (Leases) of this Mortgage; or
- (e) if at any time this Mortgage shall not constitute a good and valid, fully perfected mortgage lien on and security interest in all of the Property, subject in priority only to Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement; or

(f) if the Mortgagor defaults in the performance or observance of any other agreement of the Mortgagor contained in this Mortgage and such default is not remedied within thirty (30) days after the earlier of knowledge of such breach or notice thereof from the Administrative Agent.

ARTICLE 7 – RIGHTS AND REMEDIES

Section 7.1 Remedies. Upon the occurrence and during the continuance of any Event of Default, the Mortgagor agrees that the Administrative Agent may exercise any or all of the following remedies, in addition and without prejudice to, and without limiting or otherwise impairing, any other rights or remedies provided by law or this Mortgage or any other agreement between the Mortgagor and the Administrative Agent or the other secured parties (including, without limitation, the rights and remedies under the Credit Agreement and the other Loan Documents the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Administrative Agent may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Administrative Agent:

(a) Right to Accelerate. The Administrative Agent may by written notice to the Mortgagor declare immediately due and payable the Secured Obligations (whether fixed or matured or merely contingent), as well as all other amounts secured hereby, whereupon all such amounts shall become immediately due and payable without any further action or notice.

(b) Right of Entry. The Administrative Agent may, with or without process of law, enter upon the Property, or any part thereof, and take exclusive and peaceful possession of the Property and of all books, records, and accounts relating thereto and to exercise without interference from the Mortgagor any and all rights which the Mortgagor has with respect to the management, possession, operation, protection, or preservation of the Property, including without limitation the right to make repairs and alterations to the Property as the Administrative Agent deems necessary or desirable and the right to rent the same for the account of the Mortgagor and to deduct from such Rents all costs, expenses, and liabilities of every character incurred by the Administrative Agent in collecting such Rents and in managing, operating, maintaining, protecting, or preserving the Property (including, without limitation, altering or repairing the Property) and to apply the remainder of such Rents in such manner as the Administrative Agent may elect. All such costs, expenses, and liabilities incurred by the Administrative Agent in collecting such Rents and in managing, operating, maintaining, protecting, or preserving the Property (including, without limitation, altering or repairing the Property), if not paid out of Rents as hereinabove provided, shall constitute a demand obligation owing by the Mortgagor and shall bear interest from the date of expenditure until paid at the Default Rate, all of which shall constitute a portion of the Secured Obligations. Upon such entry, the Mortgagor will pay over to the Administrative Agent all security deposits and will cooperate in all reasonable ways in the Administrative Agent's collection of rents, including, without limitation, execution of a written notice to each lessee or occupant directing that rent be paid directly to the Administrative Agent. The Administrative Agent shall not be accountable for more monies than it actually receives from the

Property, nor shall it be liable for failure to collect rents or enforce other obligations. The Administrative Agent reserves within its own discretion the right to determine the method of collection and the extent to which enforcement of collection of delinquent rents or the eviction of delinquent tenants is prosecuted. Nothing in this Subsection 7.1(b) shall impose any duty, obligation, or responsibility upon the Administrative Agent or any Secured Party for the control, care, management, leasing, or repair of the Property, nor for the carrying out of any of the terms and conditions of any Lease; nor shall it operate to make the Administrative Agent or any Secured Party responsible or liable for any waste committed on the Property by the tenants or by any other parties, or for any hazardous substances or environmental conditions on or under the Property, or for any dangerous or defective condition of the Property or for any negligence in the management, leasing, upkeep, repair, or control of the Property resulting in loss or injury or death to any tenant, licensee, employee, or stranger. The Mortgagor hereby assents to, ratifies, and confirms any and all actions of the Administrative Agent with respect to the Property taken under this subsection. Entry under this Section shall not operate to release the Mortgagor from any sums to be paid or covenants or agreements to be performed under this Mortgage.

(c) Foreclosure — Power of Sale. The Administrative Agent shall have the STATUTORY POWER OF SALE and, with or without an entry as aforesaid, may sell the Property or any part or parts of the same, either as a whole or in parts or parcels, together with any improvements that may be thereon, by public auction in accordance with the statutes of The Commonwealth of Massachusetts relating to the foreclosure of a mortgage by the exercise of a Power of Sale, and may convey the same by proper deed or deeds or bill or bills of sale to the purchaser or purchasers absolutely and in fee simple; and such sale shall forever bar the Mortgagor and all persons claiming under it from all right and interest in the Property, whether at law or in equity. The Mortgagor covenants with the Administrative Agent that the Mortgagor, in case a sale shall be made under the power of sale, will upon request execute, acknowledge and deliver to the purchaser or purchasers a deed or deeds of release confirming such sale, and the Administrative Agent is irrevocably appointed the Mortgagor's attorney to execute and deliver to said purchaser such a deed or deeds and a full transfer of all policies of insurance on any of the Property at the time of such sale. In the event of foreclosure sale, the Administrative Agent shall be entitled to retain one (1%) percent of the purchase price in addition to the costs, charges and expenses allowed under the Statutory Power of Sale and in addition to all other sums which the Administrative Agent may otherwise be entitled to retain. In the event that the Administrative Agent in the exercise of the power of sale herein given elects to sell in parcels, such sales may be held from time to time and the power of sale shall not be exhausted until all of the Property shall have been sold.

(d) Administrative Agent's Judicial Remedies. The Administrative Agent may proceed by suit or suits, at law or in equity, to enforce the payment of the Secured Obligations to foreclose the liens and security interests of this Mortgage as against all or any part of the Property, and to have all or any part of the Property sold under the judgment or decree of a court of competent jurisdiction. This remedy shall be cumulative of any other nonjudicial remedies available to the Administrative Agent under the Credit Agreement, this Mortgage or the other Loan Documents. Proceeding with a request or

receiving a judgment for legal relief shall not be or be deemed to be an election of remedies or bar any available non-judicial remedy of the Administrative Agent.

(e) Administrative Agent's Right to Appointment of Receiver. The Administrative Agent may have a receiver appointed to enter and take possession of all or any portion of the Property, collect the rents, issues and profits therefrom, and apply the same as the court may direct, and the Administrative Agent shall be entitled to the appointment of such a receiver as a matter of right, without consideration of the value of the Property as security for the amounts due hereunder, or the availability of other collateral, or the solvency of any person or other entity liable for the payment of such amounts. Such receiver may also take possession of, and for these purposes use, any and all Equipment and other personal property of the Mortgagor contained in or on any of the Property. The expense (including receiver's fees, counsel fees, costs and agents' compensation) incurred pursuant to the powers herein contained shall be secured hereby. The right to enter and take possession of all or any portion of the Property, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative with any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The Administrative Agent or any such receiver shall be liable to account only for such rents, issues and profits actually received by it, less the Administrative Agent's or such receiver's costs and expenses, as aforesaid, and neither the Administrative Agent nor such receiver shall be under any obligation to collect any such rents, issues and profits, nor will the Administrative Agent or such receiver be liable to the Mortgagor for any other act or omission upon such entry and taking possession of all or any portion of the Property.

(f) Uniform Commercial Code Remedies. The Administrative Agent may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code with respect to the Collateral, and the Administrative Agent may deal with same as Collateral under the Uniform Commercial Code or as real property as provided in this Article, or in part one and in part the other, to the extent permitted by law. Such rights shall include the following:

(i) The Administrative Agent may enter upon all or any portion of the Property and may take possession of the Collateral or render the Collateral unusable by process of law or peaceably without process of law. In such event the Mortgagor shall peacefully and quietly yield up and surrender the Collateral and shall, upon request from the Administrative Agent, assemble it and make it available to the Administrative Agent at a place designated by the Administrative Agent that is reasonably convenient to the Mortgagor and the Administrative Agent.

(ii) The Administrative Agent may dispose of all or any part of the Collateral on the Mortgagor's premises or elsewhere without any liability to the Mortgagor for any damage whatsoever; provided, however, that every aspect of any such disposition by the Administrative Agent, including the method, manner, time, place and terms, must be commercially reasonable. Notice given to the Mortgagor at least 10 days before an event shall constitute reasonable notification of such event under the Uniform

Commercial Code. Any proceeds of any disposition of any of the Collateral may be applied by the Administrative Agent to the payment of expenses in connection with the disposition of the Collateral, including reasonable attorneys' fees, and then to the other obligations secured hereby, all in accordance with the Credit Agreement.

(g) Leases. The Administrative Agent, with or without entry under this Section, may collect and receive all rents accruing under any Lease of the Property or any portion thereof, including amounts past due, as well as those accruing thereafter. In the event of a foreclosure sale, neither the Administrative Agent nor any person claiming under it shall have any obligation to account to the Mortgagor for any rents, issues or profits accruing from the Property or any part thereof after such sale.

(h) Other Rights. The Administrative Agent (i) may surrender the policies maintained pursuant to this Mortgage or any part thereof and upon receipt shall apply the unearned premiums as a credit on the Secured Obligations, and, in connection therewith, the Mortgagor hereby appoints the Administrative Agent as the agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for the Mortgagor to collect such premiums.

(i) Discontinuance of Remedies. In case the Administrative Agent shall have proceeded to invoke any right, remedy, or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon same for any reason, the Administrative Agent shall have the unqualified right so to do and, in such event, the Mortgagor and the Administrative Agent shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Property or otherwise, and the rights, remedies, recourses and powers of the Administrative Agent shall continue as if same had never been invoked.

(j) Remedies Cumulative. All rights, remedies, and recourses of the Administrative Agent granted in the Credit Agreement, this Mortgage and the other Loan Documents, any other pledge of collateral, or otherwise available at law or equity: (i) shall be cumulative and concurrent; (ii) may be pursued separately, successively, or concurrently against the Mortgagor, the Property, or any one or more of them, at the sole discretion of the Administrative Agent; (iii) may be exercised as often as occasion therefor shall arise, it being agreed by the Mortgagor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy, or recourse; (iv) shall be nonexclusive; (v) shall not be conditioned upon the Administrative Agent exercising or pursuing any remedy in relation to the Property prior to the Administrative Agent bringing suit to recover the Secured Obligations ; and (vi) in the event the Administrative Agent elects to bring suit on the Secured Obligations and obtains a judgment against the Mortgagor prior to exercising any remedies in relation to the Property, all liens and security interests, including the lien of this Mortgage, shall remain in full force and effect and may be exercised thereafter at the Administrative Agent's option.

(k) Application of Proceeds. The proceeds from any sale, lease, or other disposition made pursuant to this Mortgage, or the proceeds from the surrender of any

insurance policies pursuant hereto, or any Rents collected by the Administrative Agent from the Property or proceeds from insurance which the Administrative Agent elects to apply to the Secured Obligations pursuant to Article 3 hereof, shall be applied by the Administrative Agent in accordance with the Credit Agreement.

Section 7.2 No Waiver, etc. Any failure by the Administrative Agent to insist upon the strict performance by the Mortgagor of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof, and the Administrative Agent, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the Mortgagor of any and all of the terms and provisions of this Mortgage to be performed by the Mortgagor. Neither the Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of the Administrative Agent to comply with any request of the Mortgagor or by reason of the failure of the Administrative Agent to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or of any obligations secured by this Mortgage, or by reason of the release, regardless of consideration, of the whole or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner or owners of all or any portion of the Property and the Administrative Agent extending the time of payment or modifying the terms of any of the obligations secured hereby or the terms of this Mortgage without first having obtained the consent of the Mortgagor or such other person obligated as to the sums secured hereby, and, in the latter event, the Mortgagor and all such other persons shall continue liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Administrative Agent. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien on all or any portion of the Property, the Administrative Agent may release the obligation of anyone at any time liable for any of the indebtedness secured by this Mortgage or any part of the security held for such indebtedness and may extend the time of payment or otherwise modify the terms of any of the obligations secured hereby and/or this Mortgage without impairing or affecting the lien of this Mortgage or the priority of such lien, as security for the payment of such indebtedness, as it may be so extended or modified, over any subordinate lien. The Administrative Agent may resort for the payment of the indebtedness secured hereby to any other security therefor held by the Administrative Agent in such order and manner as the Administrative Agent may elect.

ARTICLE 8 – WAIVERS

Section 8.1 Marshalling and Other Matters. The Mortgagor hereby waives, to the extent permitted by law, the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, the Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of the Mortgagor, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of this Mortgage and on behalf of all persons to the extent permitted by applicable law.

Section 8.2 Waiver of Notice. The Mortgagor shall not be entitled to any notices of any nature whatsoever from the Administrative Agent except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by the Administrative Agent to the Mortgagor and except with respect to matters for which the Administrative Agent is required by applicable law to give notice, and the Mortgagor hereby expressly waives the right to receive any notice from the Administrative Agent with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by the Administrative Agent to the Mortgagor.

Section 8.3 Waiver of Trial by Jury. **THE MORTGAGOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS MORTGAGE OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). THE MORTGAGOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THE ADMINISTRATIVE AGENT IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY THE MORTGAGOR.**

ARTICLE 9 – MISCELLANEOUS

Section 9.1 Governing Law; Jurisdiction. This Mortgage shall be governed by and construed in accordance with applicable federal law and the laws of the state where the Property is located, without reference or giving effect to any choice of law doctrine. The Mortgagor hereby irrevocably submits to the jurisdiction of any court of competent jurisdiction located in the state in which the Property is located in connection with any proceeding arising out of or relating to this Mortgage.

Section 9.2 Notices. All notices or other written communications hereunder shall be given pursuant to Section 10.02 of the Credit Agreement.

Section 9.3 No Oral Change. This Mortgage and any provisions hereof or thereof; may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of the Mortgagor or the Administrative Agent, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 9.4 Liability. This Mortgage and each of the other Loan Documents to which the Mortgagor is a party shall be binding upon and inure to the benefit of the Mortgagor and the Administrative Agent and their respective successors and assigns forever.

Section 9.5 Severability. If any term, covenant or condition of the Credit Agreement, this Mortgage or any other Loan Document is held to be invalid, illegal or unenforceable in any respect, the Credit Agreement, this Mortgage or such other Loan Documents shall be construed without such provision.

Section 9.6 Headings, Etc. The headings and captions of various Sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 9.7 Number and Gender. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 9.8 Entire Agreement. The Credit Agreement, this Mortgage and the other Loan Documents constitute the entire understanding and agreement between the Mortgagor and the Administrative Agent with respect to the transactions described herein and therein and supersede all prior written or oral understandings and agreements between the Mortgagor and the Administrative Agent and the Lenders with respect thereto. The Mortgagor hereby acknowledges that, except as incorporated in writing in the Credit Agreement, this Mortgage and the other Loan Documents, there are not, and were not, and no Persons are or were authorized by the Administrative Agent or any Lender to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Credit Agreement, this Mortgage and the other Loan Documents. In the event of any conflict or inconsistency between this Mortgage and the Credit Agreement the provisions of the Credit Agreement shall prevail.

Section 9.9 Relationship of the Mortgagor and the Administrative Agent. The relationship between the Mortgagor and the Administrative Agent is solely that of debtor and creditor, and the Administrative Agent has no fiduciary or other special relationship with the Mortgagor, and no term or condition of any of the Credit Agreement, this Mortgage and the other Loan Documents shall be construed so as to deem the relationship between the Mortgagor and the Administrative Agent to be other than that of debtor and creditor. The general partners, members, principals and (if the Mortgagor is a trust) beneficial owners of the Mortgagor are experienced in the ownership and operation of properties similar to the Property, and the Mortgagor and the Administrative Agent are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. The Mortgagor is not relying on the Administrative Agent's expertise, business acumen or advice in connection with the Property. By accepting or approving anything required to be observed, performed or fulfilled or to be given to the Administrative Agent pursuant to this Mortgage, the Credit Agreement or the other Loan Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, the Administrative Agent shall not be deemed to have warranted, consented to, or affirmed the sufficiency, legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by the Administrative Agent.

Section 9.10 Sole Discretion of the Administrative Agent. Wherever pursuant to this Mortgage or the other Loan Documents the Administrative Agent exercises any right given to it

to approve or disapprove, or any arrangement or term is to be satisfactory to the Administrative Agent, the decision of the Administrative Agent to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of the Administrative Agent and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

Section 9.11 Last Dollar Secured. This Mortgage secures only a portion of the Secured Obligations owing or which may become owing by the Mortgagor to the Secured Parties. The parties agree that any payments or repayments of the Secured Obligations shall be and be deemed to be applied first to the portion of the Secured Obligations that is not secured hereby, it being the parties' intent that the portion of the Secured Obligations last remaining unpaid shall be secured hereby.

This Mortgage is also upon the STATUTORY CONDITION, for any breach of which, or for any breach of any other of the covenants, conditions, agreements and obligations of the Mortgagor herein contained, or upon the occurrence of any of the events specified as an Event of Default in this Mortgage or if the whole of the principal sum of and the interest on the Secured Obligations shall become due, the Administrative Agent shall have the STATUTORY POWER OF SALE.

**(BALANCE OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS)**

IN WITNESS WHEREOF, the Mortgagor has duly executed this Mortgage as an instrument under seal as of the day and year first above written.

SMITH & WESSON CORP.

By: /s/ Michael F. Golden
Michael F. Golden, President

By: /s/ John A. Kelly
John A. Kelly, Treasurer

State of Arizona

Maricopa County, ss.

On this 30th day of November, 2007, before me, the undersigned notary public, personally appeared Michael F. Golden, proved to me through satisfactory evidence of identification, being (check whichever applies): driver's license or other state or federal governmental document bearing a photographic image, o oath or affirmation of a credible witness known to me who knows the above signatory, or o my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized President of Smith & Wesson Corp.

/s/ Nancy G. Houston
Notary Public
My commission expires: July 20, 2008
Print Notary Public's Name: Nancy G. Houston
Qualified in the State of Arizona
[Notary Seal]

Signatures Continued on Next Page

[Signature Page to Massachusetts Mortgage]

State of Arizona

Maricopa County, ss.

On this 30th day of November, 2007, before me, the undersigned notary public, personally appeared John A. Kelly, proved to me through satisfactory evidence of identification, being (check whichever applies): driver's license or other state or federal governmental document bearing a photographic image, o oath or affirmation of a credible witness known to me who knows the above signatory, or o my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Treasurer of Smith & Wesson Corp.

/s/ Sandra K. Weeks

Notary Public

My commission expires: 4-11-09

Print Notary Public's Name: Sandra K. Weeks

Qualified in the State of Arizona

[Notary Seal]

[Signature Page to Massachusetts Mortgage]

EXHIBIT A

Legal Description

Parcel I:

The land, with the buildings and improvements now or hereafter located thereon, located in the City of Springfield, County of Hampden, Commonwealth of Massachusetts, and shown and designated as Lot 19 on Land Court Plan 18539J; see Land Court Certificate of Title No. 27868.

For the Mortgagor's title to Parcel I, see Quitclaim Deed from LSDHC Corp. to the Mortgagor dated as of February 7, 1997 and filed with the Hampden County Registry District of the Land Court as Document No. 121369.

Parcel II:

The land, with the buildings and improvements now or hereafter located thereon, located in the City of Springfield, County of Hampden, Commonwealth of Massachusetts and bounded and described as follows:

Certain land with the building thereon in the City of Springfield as set forth on a Plan of Durkee, White, Towne & Chapdelaine dated February 15, 1985 as recorded in the Hampden County Registry of Deeds Book of Plans 246, Page 67 and located on the easterly side of Page Boulevard, Springfield, Hampden County, Massachusetts, bounded and described as follows:

Beginning at a point, said point being the intersection of the southerly line of Guion Street with the easterly line of Page Boulevard; thence easterly by a bearing of

- | | |
|-----------------|--|
| N 79° 51' 20" E | along the southerly line of Guion Street, a distance of two hundred thirty three and 44/100 (233.44) feet to an angle point in the southerly line of said Guion Street; thence continuing along the southerly line of Guion Street and along the southerly line of Guion Street extended by a bearing of |
| N 40° 37' 40" E | a distance of four hundred six and 72/100 (406.72) feet to a point; thence southeasterly by a bearing of |
| S 49° 22' 20" E | a distance of three hundred thirty seven and 61/100 (337.61) feet to a point; thence, southwesterly by a bearing of |
| S 17° 36' 00" W | a distance of eighty and 39/100 (80.39) feet to a point; thence southwesterly by a bearing of |
| S 40° 06' 00" W | a distance of five hundred Twenty and 00/100 (520.00) feet to a point; thence northwesterly by a bearing of |
| N 49° 59' 20" W | a distance of two hundred eighty-four and 83/100 (284.83) feet to a |
-

point; thence northwesterly by a bearing of

N 83° 58' 35" W

a distance of one hundred sixty-four and 66/100 (164.66) feet to a point in the easterly line of Page Boulevard; thence northerly along the easterly line of Page Boulevard by a curve whose radius is four hundred (400) feet and whose central angle is

16° 10' 03"*

an arc distance of one hundred twelve and 87/100 (112.87) feet to a point of tangency in the easterly line of Page Boulevard; thence continuing northerly along the easterly line of Page Boulevard by a bearing of

N 10° 08' 40" W

a distance of thirty two and 09/100 (32.09) feet to the point of beginning and containing 5.619 acres of land.

For the Mortgagor's title to Parcel II, see deed from Smith & Wesson, Inc. to the Mortgagor dated November 30, 2007 and recorded with the Registry of Deeds for Hampden County, Massachusetts in Book _____, Page _____, as Instrument No. _____.

When recorded return to:
Susan M. Saliba, Esq.
Edwards Angell Palmer & Dodge LLP
111 Huntington Avenue
Boston, MA 02199
(617) 951-3318

(19 Aviation Drive, Houlton,
Southern Aroostook County, ME)

**OPEN-END MORTGAGE DEED, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING**

THIS **OPEN-END MORTGAGE DEED, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING** (as the same may be amended, restated or otherwise modified from time to time, this "Mortgage") is dated as of November 30, 2007, between **SMITH & WESSON CORP.**, a Delaware corporation with its principal place of business at 2100 Roosevelt Avenue, Springfield, Massachusetts 01102 (the "Mortgagor"), and **TORONTO DOMINION (TEXAS) LLC**, a Delaware limited liability company, in its capacity as administrative agent for itself, the Lenders (as defined below) and the other Secured Parties (as defined in the Credit Agreement referred to below), with an office at 31 West 52nd Street, 19th Floor, New York, New York 10019 (together with its successors and assigns, in said capacity, the "Administrative Agent"). Capitalized terms used but not defined herein shall have the meanings given such terms in the Credit Agreement referred to below.

RECITALS:

WHEREAS, this Mortgage is made pursuant to a certain Credit Agreement of even date herewith (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"), by and among the Mortgagor, the other Borrowers thereunder (collectively with the Mortgagor, the "Borrowers"), the Administrative Agent, and the lenders party thereto

from time to time (the "Lenders"). The Credit Agreement provides, among other things, for Loans and other financial accommodations to and for the benefit of the Borrowers and the issuance of Letters of Credit thereunder; and

WHEREAS, the Mortgagor, the Administrative Agent and the other parties thereto have entered into a certain Pledge and Security Agreement of even date herewith (as the same may be amended, restated or otherwise modified from time to time, the "Security Agreement"); and

WHEREAS, Smith & Wesson Holding Corporation, a Nevada corporation, the Mortgagor, and the other parties thereto from time to time as guarantors, entered into a certain Holdings/Smith & Wesson Corp. Guaranty of even date herewith in favor of the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Holdings/S&W Corp. Guaranty"); and

WHEREAS, the Mortgagor, Thompson/Center Arms Company, Inc., a New Hampshire corporation, and the other parties thereto from time to time as guarantors, entered into a certain Operating Companies Guaranty of even date herewith in favor of the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Operating Companies Guaranty"); and

WHEREAS, this Mortgage secures to the Administrative Agent, for the benefit of the Administrative Agent, the Lenders and the other Secured Parties (all of the following, collectively, the "Secured Obligations"): (a) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other Borrowers arising under, out of or in connection with the Credit Agreement, any and all promissory notes issued pursuant thereto (including, without limitation, those certain promissory notes of even date herewith issued by one or more of the Borrowers to the order of one or more of the Lenders in the aggregate original principal amount of \$123,303,400.23 and any and all other promissory notes issued pursuant to the Credit Agreement, as the same may be amended, extended, restated, substituted or otherwise modified from time to time (the "Notes")), and the other Loan Documents, including, without limitation, all Loans, all LC Exposure, all advances and readvances of principal and future advances made pursuant to the Credit Agreement and the other Loan Documents, and all other Obligations; (b) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other guarantors arising under the Holdings/S&W Corp. Guaranty; (c) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other guarantors arising under the Operating Companies Guaranty; (d) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other Borrowers arising under, out of or in connection with any and all Swap Agreements, including, without limitation, all Swap Obligations; (e) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other Borrowers arising under, out of or in connection with any and all cash management services, including, without limitation, all Cash Management Services Obligations; (f) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other Borrowers arising under, out of or in connection with any and all foreign exchange contracts, including, without limitation, all Foreign

Exchange Obligations; (g) the due and punctual payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; (h) the performance of the covenants and agreements of the Mortgagor and the other Borrowers contained in this Mortgage, the Credit Agreement, the Security Agreement, the other Loan Documents, and any other agreements, documents or instruments now or hereafter evidencing the Secured Obligations, as applicable; and (i) each renewal, extension, consolidation or refinancing of any of the foregoing, in whole or in part; and

WHEREAS, it is a requirement under the Credit Agreement that the Mortgagor shall have executed and delivered to the Administrative Agent this Mortgage; and

WHEREAS, the Mortgagor will obtain benefits from the making of the Loans, the issuance of the Letters of Credit and the making of the other financial accommodations as set forth in the Credit Agreement and, accordingly, desires to execute this Mortgage in order to satisfy the condition described in the preceding paragraph and to induce the Lenders to make the Loans, issue the Letters of Credit and make the other financial accommodations as set forth in the Credit Agreement.

NOW THEREFORE, in consideration of the benefits accruing to the Mortgagor, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby makes the following representations and warranties to the Administrative Agent and the other Secured Parties (as hereinafter defined) and hereby covenants and agrees with the Administrative Agent and the other Secured Parties as follows:

ARTICLE 1 — GRANTS OF SECURITY

Section 1.1 Property Mortgaged. For good and valuable consideration, in order to secure the Secured Obligations, the Mortgagor does hereby irrevocably give, grant, bargain, sell, convey, assign, confirm, grant a first priority mortgage and security interest in, and transfer to the Administrative Agent, **WITH MORTGAGE COVENANTS, UPON THE STATUTORY CONDITION AND WITH THE STATUTORY POWER OF SALE**, all of the following property, rights, interests and estates now owned, or hereafter acquired, by the Mortgagor (collectively, the "Property"):

(a) Land. The real property described in Exhibit A attached hereto and made a part hereof (collectively, the "Land"), together with additional lands, estates and development rights hereafter acquired by the Mortgagor for use in connection with the development, ownership or occupancy of such real property, and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Mortgage;

(b) Improvements. The buildings, structures, fixtures, additions, accessions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (the "Improvements");

(c) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests,

privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, property, possession, claim and demand whatsoever, both at law and in equity, of the Mortgagor of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(d) Fixtures and Personal Property. All machinery, equipment, goods, inventory, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by the Mortgagor, or in which the Mortgagor has or shall have any right, title or interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, and usable in connection with the present or future use, maintenance, enjoyment, operation and occupancy of the Land and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by the Mortgagor, or in which the Mortgagor has or shall have any right, title or interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Land and the Improvements, and the right, title and interest of the Mortgagor in and to any of the Personal Property (as hereinafter defined), and all proceeds and products of the above;

(e) Leases and Rents. All leases and other agreements affecting the use, enjoyment or occupancy of the Land and the Improvements heretofore or hereafter entered into, whether before or after the filing by or against the Mortgagor of any petition for relief under 11 U.S.C. § 101 *et seq.*, as the same maybe amended from time to time (the "Bankruptcy Code") (individually, a "Lease"; collectively, the "Leases") and all right, title and interest of the Mortgagor, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents (including all tenant security and other deposits), additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements whether paid or accruing before or after the filing by or against the Mortgagor of any petition for relief under the Bankruptcy Code (collectively the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Secured Obligations ;

(f) Condemnation Awards. All awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(g) Insurance Proceeds. All proceeds of and any unearned premiums on any insurance policies covering the Property, including, without limitation, the right to

receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property;

(h) Tax Certiorari. All refunds, rebates or credits in connection with a reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction;

(i) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, proceeds of insurance and condemnation awards, into cash or liquidation claims;

(j) Rights. The right, in the name and on behalf of the Mortgagor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of the Administrative Agent in the Property;

(k) Agreement. Except for those agreements that by their terms are not assignable, all agreements, contracts (including purchase, sale, option, right of first refusal and other contracts pertaining to the Property), certificates, instruments, franchises, permits, licenses, approvals, consents, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Property (including any Improvements or respecting any business or activity conducted on the Land and any part thereof) and all right, title and interest of the Mortgagor therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to the Mortgagor thereunder (each a "Property Agreement" and collectively, the "Property Agreements");

(l) Other Rights. Any and all other rights of the Mortgagor in and to the Property and any accessions, renewals, replacements and substitutions of all or any portion of the Property and all proceeds and products of the Property or any portion thereof; and

(m) Books and Records. All books and records relating to any of the foregoing.

Section 1.2 Assignment of Rents. The Mortgagor hereby absolutely and unconditionally assigns to the Administrative Agent for the benefit of itself, the Lenders and the other Secured Parties all of the Mortgagor's right, title and interest in and to all current and future Leases and Rents; it being intended by the Mortgagor that this assignment constitutes a present, absolute and unconditional assignment and not an assignment for additional security only; provided that the Mortgagor will be entitled to receive such Rents until an Event of Default has occurred hereunder.

Section 1.3 Security Agreement. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code as adopted and enacted by the State or States where any of the Property is located (the "Uniform Commercial

Code”). The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of the Mortgagor in the Property. The Mortgagor by executing and delivering this Mortgage has granted and hereby grants to the Administrative Agent for the benefit of itself, the Lenders and the other Secured Parties, as security for the Secured Obligations, a security interest in the Property to the full extent that the Property may be subject to the Uniform Commercial Code (said portion of the Property so subject to the Uniform Commercial Code being called in this paragraph the “Collateral”). This Mortgage shall also be effective as a “fixture filing” as to Property which is or is to become fixtures. For purposes of this Section 1.3, (i) the Mortgagor shall be deemed the “Debtor” with the address set forth for the Mortgagor in the first paragraph of this Mortgage which the Mortgagor certifies as accurate; (ii) the Administrative Agent shall be deemed to be the “Secured Party” with the address set forth for the Administrative Agent in the first paragraph of this Mortgage and shall have all of the rights of a secured party under the Uniform Commercial Code, (iii) this Mortgage covers all items of the Property which constitute personal property and which are or will become fixtures on the Land, (iv) the Mortgagor is the record owner of the Land, (v) the organizational identification number of the Mortgagor is 2114661, (vi) the Mortgagor is a corporation organized under the laws of the State of Delaware, and (vii) the exact legal name of the Mortgagor is Smith & Wesson Corp. Information concerning the security interest herein granted may be obtained from the parties at the addresses of the parties set forth in the first paragraph of this Mortgage. The Mortgagor shall promptly advise Administrative Agent of the accrual of any commercial tort claims involving the Property. In the event of any change in name, identity, structure, or jurisdiction or form of organization of the Mortgagor, the Mortgagor shall notify the Administrative Agent thereof in accordance with the Security Agreement. The Administrative Agent shall be authorized to prepare and file (without the signature of the Mortgagor) such Uniform Commercial Code forms as Agent may deem necessary from time to time to maintain the priority of the Administrative Agent’s lien upon and security interest in the Property, and the Mortgagor shall pay all expenses and fees in connection with such filings. Notwithstanding anything to the contrary contained in this Mortgage, the mortgage lien and security interest created by the Mortgage shall not extend to, and the term “Property” shall not include, any Excluded Property (as such term is defined in the Security Agreement).

Section 1.4 Pledge of Monies Held. The Mortgagor hereby assigns to the Administrative Agent all insurance proceeds paid in connection with the Property and all condemnation awards and payments described in Section 3.4, as additional security for the Secured Obligations and shall be paid and applied in accordance with the Credit Agreement.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto the Administrative Agent, and the successors and assigns of the Administrative Agent, forever, PROVIDED, HOWEVER, the Administrative Agent shall release this Mortgage and the lien hereof by proper instrument upon indefeasible payment in full in cash and discharge of all Secured Obligations and the termination of all commitments of the Administrative Agent and the Lenders to the Borrowers thereunder (including, without limitation, all commitments to make advances and readvances of principal), including payment of all reasonable expenses incurred by the Administrative Agent in connection with the preparation and execution of such release. Notwithstanding the foregoing, the Mortgagor’s obligation to indemnify and hold harmless the

Administrative Agent and the other Secured Parties pursuant to the provisions hereof with respect to matters relating to any period of time during which this Mortgage was in effect shall survive any such payment or release.

ARTICLE 2 — OBLIGATIONS SECURED

Section 2.1 Loans and Other Obligations; Open-End Mortgage. This Mortgage and the grants, security interests, assignments and transfers made in Article 1 are given for the purpose of securing the Secured Obligations, in such order of priority as specified in the Credit Agreement. This Mortgage is an open-end mortgage which secures existing indebtedness, "Future Advances," "Protective Advances" and "Contingent Obligations" as such terms are defined in 33 M.R.S.A. § 505, as the same may be amended or replaced. The maximum aggregate principal amount of all Secured Obligations secured by this Mortgage, including Future Advances but excluding Protective Advances, shall not at any time exceed the total amount of \$123,303,400.23. This Mortgage shall also secure Contingent Obligations in the maximum amount of \$123,303,400.23. The Future Advances secured hereby shall be made to or for the account of the Mortgagor and the other Borrowers and may be made under the Notes or any of the other Loan Documents, as the same may be amended, or may be made pursuant to promissory notes, line of credit agreements or other instruments evidencing such Future Advances which may be hereafter executed and delivered by Mortgagor or the other Borrowers to any of the Secured Parties. All provisions of this Mortgage shall apply to each Future Advance as well as to all other Obligations secured hereby. Nothing herein contained, however, shall limit the amount secured by this Mortgage if such amount is increased by Protective Advances made by the Administrative Agent or any other Secured Party, as herein elsewhere provided. In the event that any notice described in subsections 5(A) or (B) of 33 M.R.S.A. § 505 (or any similar successor provision) is recorded or is received by the Administrative Agent, any commitment, agreement or obligation to make future advances to or for the benefit of the Mortgagor shall immediately cease and, at Administrative Agent's option, any such notice shall constitute an Event of Default hereunder.

ARTICLE 3 — MORTGAGOR COVENANTS

Section 3.1 Payments. The Mortgagor shall promptly pay and perform all of the Secured Obligations when due in accordance with the Credit Agreement and the other Loan Documents.

Section 3.2 Insurance. The Mortgagor shall obtain and maintain all of the insurance required pursuant to Section 6.09 of the Credit Agreement. The Mortgagor will promptly give written notice of any casualty or other insured damage to any material portion of the Property to the Administrative Agent in accordance with Section 6.10 of the Credit Agreement. Any and all insurance proceeds payable to the Mortgagor from any such casualty or other insured damage are hereby assigned to the Administrative Agent and shall be paid and applied in accordance with Section 2.17 of the Credit Agreement.

Section 3.3 Payment of Taxes, Etc. The Mortgagor shall pay all taxes, assessments, water rates, sewer rents, governmental impositions, and other charges now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Taxes"), all ground rents, all premiums for insurance, maintenance charges and similar charges, now or hereafter levied or

assessed or imposed against the Property or any part thereof (the “Other Charges”), and all charges for utility services provided to the Property as the same become due and payable, subject to the Mortgagor’s right to contest the same as and to the extent permitted by the Credit Agreement. The Mortgagor will deliver to the Administrative Agent, promptly upon the Administrative Agent’s request, evidence satisfactory to the Administrative Agent that the Taxes, Other Charges and utility service charges have been so paid or are not then delinquent. The Mortgagor shall not allow and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Property. Except to the extent sums sufficient to pay all Taxes and Other Charges have been deposited with the Administrative Agent in accordance with the terms of this Mortgage, the Mortgagor shall furnish to the Administrative Agent, upon the Administrative Agent’s request, paid receipts for the payment of the Taxes and Other Charges prior to the date the same shall become delinquent. The Mortgagor pay when due all operating costs of the Property.

Section 3.4 Condemnation. If any action shall be commenced or any written notice shall be received for the taking by exercise of the power of eminent domain of title to or the temporary use of all or any part of the Property, or in the event of any private sale in lieu thereof (in any case, a “Taking”), the Mortgagor will promptly give written notice thereof to the Administrative Agent in accordance with Section 6.10 of the Credit Agreement. Any and all proceeds payable to the Mortgagor from any award made in respect of any Taking are hereby assigned to the Administrative Agent; any and all proceeds of any Taking paid to the Mortgagor or the Administrative Agent shall be paid and applied in accordance with Section 2.17 of the Credit Agreement.

Section 3.5 Maintenance of Property. The Mortgagor shall cause the Property to be maintained and operated in a good and safe condition and repair and in at least as good condition and repair as same was on the date hereof or in such better condition as same may thereafter be put (ordinary wear and tear excepted but damage from casualty expressly not excepted), and will not commit or suffer any waste of any of the Property. The Mortgagor shall not use, maintain or operate the Property in any manner which constitutes a public or private nuisance or which makes void, voidable, or cancelable, or increases the premium of, any insurance then in force with respect thereto. Except as provided in Section 7.05 of the Credit Agreement, the Improvements and the Collateral shall not be removed, demolished or materially altered without the prior written consent of the Administrative Agent. The Mortgagor shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in Section 3.4 hereof, to a condition substantially similar to the condition immediately prior to the foregoing, whether or not proceeds of insurance (or proceeds in connection with any Taking) are available or sufficient for the purpose. The Mortgagor shall complete within a reasonable time and pay for any structure or other Improvement now or at any time in the process of construction or repair on the Land.

Section 3.6 Use of Property; Zoning. The Mortgagor covenants that the Property shall be used only for purposes permitted by applicable zoning laws. The Mortgagor further covenants that the Mortgagor will not change or permit any change in the use or general nature of the occupancy of the Property as it exists as of the date of this Mortgage, without the Administrative Agent’s prior written consent. The Mortgagor shall not initiate, join in, acquiesce

in, or consent to any change in any private restrictive covenant, zoning law (including, without limitation, any zoning reclassification) or other public or private restriction, limiting or defining the uses which may be made of the Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, the Mortgagor will not cause or permit the nonconforming use to be discontinued or abandoned without the express written consent of the Administrative Agent. The Mortgagor shall not take any steps whatsoever to convert the Property, or any portion thereof, to a condominium or cooperative form of management.

Section 3.7 Compliance with Laws, etc. The Mortgagor shall promptly comply, in all respects, with all existing and future federal, state and local laws, orders, ordinances, governmental rules and regulations or court orders affecting the Property, or the use thereof, including, but not limited to, the Americans with Disabilities Act (the "ADA") (collectively "Applicable Laws"), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Mortgagor shall keep the Property in compliance in all respects with all Applicable Laws, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Mortgagor shall give prompt notice to the Administrative Agent of the receipt by the Mortgagor of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws. The Mortgagor shall take appropriate measures to prevent and will not engage in or knowingly permit any illegal activities at the Property. The Mortgagor shall obtain and maintain in full force and effect, and abide by and satisfy the terms and conditions of, all material permits, licenses, registrations and other authorizations with or granted by any governmental authorities that may be required from time to time with respect to the performance of its obligations under this Mortgage. The Mortgagor shall comply with the terms and conditions of the Property Agreements and will not amend, supplement or terminate any material Property Agreement without, in each instance, the prior written consent of the Administrative Agent.

Section 3.8. Books and Records. The Mortgagor shall comply with all record keeping and financial disclosure requirements as set forth in the Credit Agreement.

Section 3.9 Deposits for Taxes and Other Charges. At any time after the occurrence of an Event of Default hereunder, the Mortgagor, upon request from the Administrative Agent, will pay to the Administrative Agent, on the first day of each and every month thereafter ensuing, in addition to any other payments required hereunder, under the Credit Agreement and/or under any of the other Loan Documents, an amount equal to 1/12th of all Taxes and Other Charges on or against any of the Property to become payable during the ensuing 12 months, as estimated from time to time by the Administrative Agent (but with the first such payment to be in such amount as shall, with the succeeding payments, be sufficient to pay all such amounts at least 30 days before they become due and payable), such sums to be held by the Administrative Agent (but without any obligation to pay interest thereon, except to the extent required by law) and applied to the payment of such premiums, taxes and assessments. If the sums collected under this Section 3.9 are insufficient to pay the Taxes and Other Charges as they become due and payable, then the Mortgagor shall pay to the Administrative Agent promptly upon demand any amount necessary to make up the deficiency on or before the date when such amounts shall be due. Any amount collected hereunder from time to time, until the same shall be applied as above provided,

shall constitute additional collateral security for the indebtedness secured by this Mortgage; and in the event of any Event of Default, any part or all of such amounts may be applied by the Administrative Agent, at its option, to the Secured Obligations pursuant to the Credit Agreement. If the funds so deposited exceed the amount required to pay such Taxes and Other Charges for any year, the excess shall be applied toward subsequent deposits. Said deposits need not be kept separate and apart from any other funds of the Administrative Agent. The Administrative Agent, in making any payment hereby authorized relating to Taxes and/or Other Charges, may do so according to any bill, statement or estimate procured from the appropriate person, entity or office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof.

Section 3.10 Leases.

(a) The Mortgagor shall not without the Administrative Agent's prior written consent (i) execute or permit to exist any Lease of the Property or any portion thereof, (ii) amend or modify any Lease, (iii) execute any assignment or pledge of any Lease or of the rents or any part thereof from the Property, other than the assignment herein to the Administrative Agent, (iv) except where the lessee under any Lease is in default thereunder, terminate or consent to the cancellation or surrender of such Lease, (v) accept any prepayments of any installment of rents to become due under any Lease for a period exceeding one month, (vi) permit the deferral of or waive or postpone the payment of any rental payment under any Lease, or (vii) permit any transfer or assignment of any Lease or the sublease of the property subject to any Lease.

(b) The Mortgagor shall at all times timely and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all Leases to be kept and performed by the lessor thereunder and shall at all times do all things necessary to compel performance by the lessee under each Lease of all obligations, covenants and agreements by such lessee to be performed thereunder.

(c) The Mortgagor shall furnish to the Administrative Agent, within thirty (30) days after each request by the Administrative Agent to do so, a written statement in respect of any or all of the Leases setting forth the space occupied, the rentals payable thereunder, and such other information as the requesting party may reasonably request.

Section 3.11 Prohibition of Liens and Transfers. Mortgagor shall not, without the prior written consent of the Administrative Agent or except as otherwise expressly permitted by the Credit Agreement, sell, convey, alienate, mortgage, transfer or suffer the transfer (whether voluntary or involuntary) of, or the imposition of any lien or encumbrance (including, without limitation, any mechanics', materialmen's or like lien or claim or other lien or claim for lien) with respect to, legal title to or any beneficial interest in the Property or any portion thereof other than Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement, and will not without the prior written consent of the Administrative Agent lease, license or permit any other person to occupy the whole or any part of the Property, but no such consent by the Administrative Agent shall in any event be deemed a waiver or release of any of the provisions of this Section 3.11 nor a consent to any such sale, conveyance, alienation, mortgage, transfer, leasing, licensing or permission to use or occupy any of the Property on any

future occasion, and no such consent nor any such sale, alienation, mortgage, conveyance, transfer, leasing, licensing or permission shall release or discharge the Mortgagor from any obligations or liabilities hereunder, all of which shall continue to be direct and primary in any event. If the Mortgagor now or hereafter is permitted to create or to maintain any lien or encumbrance on any or all of the Property securing any indebtedness or other obligations, the Mortgagor will fully and promptly fulfill and observe each and every covenant and condition contained in each of the agreements and instruments evidencing, securing or otherwise relating to said indebtedness or other obligations. Any sale, alienation, mortgage, conveyance, transfer, leasing or licensing of the Property made in contravention of this Section 3.11 shall be null and void and of no force and effect. The Mortgagor agrees to bear and shall pay or reimburse the Administrative Agent on demand for all reasonable expenses (including, without limitation, all recording costs, reasonable in-house and outside attorneys' fees and disbursements and title search costs) incurred by the Administrative Agent in connection with the review, approval and documentation of any such sale, alienation, mortgage, conveyance, transfer, leasing or licensing of the Property.

Section 3.12 Right to Perform the Mortgagor's Covenants. In the event of any default in the performance of any of the Mortgagor's covenants or agreements herein, whether or not an Event of Default shall have occurred, the Administrative Agent may, at the option of the Administrative Agent, perform the same, and the Administrative Agent may also take all such actions as it deems desirable to prevent or cure any situation or circumstance which might, with the passage of time or giving of notice or both, become an Event of Default. The costs of any and all performance and actions taken under this Section 3.12 shall be paid by the Mortgagor to the Administrative Agent on demand, with interest at the highest applicable rate set forth in the Credit Agreement (the "Default Rate"), as from time to time in effect, such interest to accrue from the date such cost is incurred by the Administrative Agent through the date of payment by the Mortgagor, and all such costs and such interest shall be secured by this Mortgage.

Section 3.12. Entry. The Administrative Agent and any persons authorized by the Administrative Agent shall have the right to enter any or all of the Land and Improvements to inspect the Property pursuant to Section 6.06 of the Credit Agreement.

ARTICLE 4 — REPRESENTATIONS AND WARRANTIES

The Mortgagor, for itself and its successors and assigns, does hereby represent, warrant and covenant to and with the Administrative Agent and the other Secured Parties, and their respective successors and assigns, that:

Section 4.1 Title. The Mortgagor has good, marketable and indefeasible fee simple title to the Land and the Improvements and good title or valid rights and interests in and to the other Property, subject only to the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement. The possession of the Property has been peaceful and undisturbed and title thereto has not been disputed or questioned to the best of the Mortgagor's knowledge. Further, the Mortgagor has full power and lawful authority to grant, bargain, sell, convey, assign, transfer, encumber, mortgage and grant a security interest in, its interest in the Property in the manner and form hereby done or intended. The Mortgagor will preserve its interest in and title to the Property and will forever warrant and defend the same to the

Administrative Agent against any and all claims whatsoever and will forever warrant and defend the validity and priority of the lien and security interest created herein against the claims of all persons and parties whomsoever, subject to the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement. The foregoing warranty of title shall survive the foreclosure of this Mortgage and shall inure to the benefit of and be enforceable by the Administrative Agent in the event the Administrative Agent (or its designee) or any other Secured Party acquires title to the Property pursuant to any foreclosure.

Section 4.2 No Foreign Person. The Mortgagor is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, and the related Treasury Department regulations, including temporary regulations.

Section 4.3 Permitted Encumbrances. The Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement do not and will not materially interfere with the security of this Mortgage or materially and adversely affect (1) the ability of the Mortgagor to generate income from the Property sufficient to pay and perform the Secured Obligations in a timely manner or (2) the use of the Property for the use currently being made thereof, the operation of the Property as currently being operated or the value of the Property.

Section 4.4 First Lien. Upon the execution by the Mortgagor and the recording of this Mortgage, and upon the filing of UCC financing statements or amendments thereto, the Administrative Agent will have a valid first priority mortgage lien on the Property and a valid, perfected, first priority security interest in all Collateral secured hereby, subject to no liens, charges or encumbrances other than the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement.

Section 4.5 Access/Utilities. The Property has adequate rights of access to public ways and is served by adequate gas, electric, cable, telephone, water, storm sewer, sanitary sewer and storm drain facilities. All public utilities (including, but not limited to, the foregoing) necessary to the continued use, enjoyment, occupancy, operation and disposition of the Property as presently used and enjoyed are located in the public right-of-way abutting the Property, and all such utilities are connected so as to serve the Property without passing over other property. All streets, roads, highways, bridges and waterways necessary for access to and full use, occupancy, operation and disposition of the Land and the Improvements have been completed, have been publicly dedicated and accepted by the appropriate municipal authority and are open and provide public ingress and egress to the Land and the Improvements, or are the subject of irrevocable, perpetual access easements without condition or cost to the Mortgagor and which easements are for the benefit of the Property and subject to the approval of the Administrative Agent. All liquid and solid waste disposal, septic and sewer systems located on the Property are to the Mortgagor's actual knowledge in a good and safe condition and repair and in compliance with all Applicable Laws.

Section 4.6 Taxes Paid. The Mortgagor has filed all federal, state, county and municipal tax returns required to have been filed by the Mortgagor with respect to the Property, and has paid such returns or to any notice of assessment received by the Mortgagor, and the Mortgagor has no knowledge of any basis for additional assessment with respect to such taxes, except where failure to do so, individually or in the aggregate, could not reasonably be expected to result in a

Material Adverse Effect. Further, the Property is free from delinquent water charges, sewer rents, taxes and assessments. The Mortgagor and the Property are free from any past due obligations for sales and payroll taxes.

Section 4.7 Single Tax Lot. The Land consists of a single lot or multiple tax lots; no portion of said tax lot(s) covers property other than the Land and no portion of the Land lies in any other tax lot.

Section 4.8 Flood Zone. The Property is not located in a flood hazard area as defined by the Federal Insurance Administration.

Section 4.9 Misstatements of Fact. To the best of the Mortgagor's knowledge, no statement of fact made in the Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not materially misleading. To the best of the Mortgagor's knowledge, there is no fact presently known to the Mortgagor which has not been disclosed which materially adversely affects, nor as far as the Mortgagor can foresee, might materially adversely affect the business, operations or condition (financial or otherwise) of the representing party.

Section 4.10 Condition of Improvements. The Property is free and clear of any damage that would materially and adversely affect its value and, without limiting the foregoing, the Property has not been damaged by fire, water, flood, wind, accident or other cause of loss or casualty, and any previous damage to the Property has been fully restored. The Improvements are structurally sound, in good repair and free and clear of any defects in materials and workmanship and have been constructed and installed in substantial compliance with the plans and specifications relating thereto. All major building systems located within the Improvements, including, without limitation, the heating and air conditioning systems and the electrical and plumbing systems, are in good working order and condition, ordinary wear and tear excepted. The Property and the present and contemplated use and occupancy thereof are substantially in compliance with all Applicable Laws, including, without limitation, zoning ordinances, building codes, land use and environmental laws, laws relating to the disabled (including, but not limited to, the ADA) and other similar laws.

Section 4.11 Approvals. The Mortgagor has obtained all necessary certificates, permits, licenses and other approvals, governmental and otherwise, necessary for the use, occupancy and operation of the Property and the conduct of its business (including, without limitation, certificates of completion and certificates of occupancy) and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof and not subject to revocation, suspension, forfeiture or modification.

Section 4.12 No Condemnation. No part of any Property has been taken in condemnation or any like proceeding, nor is any proceeding pending, threatened or known to be contemplated for the partial or total condemnation or taking of the Property.

Section 4.13 No Labor or Materialmen Claims. All parties furnishing labor and materials have been paid in full, and there are no mechanics, laborers or materialmen's liens or

claims outstanding for work, labor or materials affecting the Property, whether prior to, equal with or subordinate to the lien of this Mortgage.

Section 4.14 Leases. As of the date hereof, there is no Lease affecting the Property or any portion thereof. To the extent the Mortgagor enters into any Lease with respect to the Property or any portion thereof (all in accordance with the terms of this Mortgage), the Mortgagor shall deliver to the Administrative Agent a true, correct and complete copy of each such Lease when any such Lease is executed. Each such Lease shall constitute the legal, valid and binding obligation of the Mortgagor and, enforceable against the tenant thereof. To the extent the Mortgagor enters into any Lease with respect to the Property or any portion thereof (all in accordance with the terms of this Mortgage), the Mortgagor agrees that no such Lease will contain an option or right of first refusal to purchase all or any portion of the Property or any present or future interest therein, the Mortgagor agrees to furnish the Administrative Agent when any such Lease is executed a tenant estoppel certificate and lease subordination, nondisturbance and attornment agreement executed by the tenant under such Lease and in form and substance reasonably satisfactory to the Administrative Agent. Further, upon demand, the Mortgagor will collaterally transfer and assign to the Administrative Agent, in form and substance satisfactory to the Administrative Agent, the lessor's interest in any lease now or hereafter affecting the whole or any part of the Property.

Section 4.15 Security Agreement. There are no security agreements or UCC financing statements affecting any of the Property other than the Security Agreement and the UCC financing statements filed and/or recorded in favor of the Administrative Agent, and the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement.

Section 4.16 Omissions. All reports, certificates, affidavits, statements and other data furnished to the Administrative Agent by or on behalf of the Mortgagor in connection with the Loan Documents are true and correct in all material respects and do not omit to state any fact or circumstance necessary to make the statements therein not materially misleading.

ARTICLE 5 — FURTHER ASSURANCES

Section 5.1 Further Acts. The Mortgagor will, at the cost of the Mortgagor, and without expense to the Administrative Agent, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, financing statements, confirmation statements and assurances as the Administrative Agent shall, from time to time, require, for the better assuring, conveying, assigning, transferring, perfecting and confirming unto the Administrative Agent the property and rights hereby mortgaged, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which the Mortgagor may be or may hereafter become bound to convey or assign to the Administrative Agent, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage, or for complying with all Applicable Laws. The Mortgagor, on demand, will execute and deliver and hereby authorizes the Administrative Agent to execute in the name of the Mortgagor or without the signature of the Mortgagor to the extent the Administrative Agent may lawfully do so, one or more UCC financing statements, chattel mortgages or other

instruments, to evidence more effectively the security interest of the Administrative Agent in the Property. The Mortgagor grants to the Administrative Agent an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to the Administrative Agent at law and in equity, including without limitation such rights and remedies available to the Administrative Agent pursuant to this Mortgage. Upon receipt of an affidavit of an officer of the Administrative Agent as to the loss, theft, destruction or mutilation of all or any of the Loan Documents which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Loan Document, the Mortgagor, at its expense, will issue or caused to be issued, in lieu thereof, a replacement Loan Document, dated the date of such lost, stolen, destroyed or mutilated Loan Document and otherwise of like tenor.

Section 5.2 Changes in Tax, Debt Credit and Documentary Stamp Laws. If any law is enacted or adopted or amended after the date of this Mortgage which imposes a tax, either directly or indirectly, on the Secured Obligations or the interest of the Administrative Agent or any other Secured Party in the Property, requires revenue or other stamps to be affixed to any of the Loan Documents, or imposes any other tax or charge on the same, the Mortgagor will pay the same, with interest and penalties thereon, if any. If the Administrative Agent is advised by counsel chosen by it that the payment of tax by the Mortgagor would be unlawful or taxable to the Administrative Agent or any other Secured Party or unenforceable or provide the basis for a defense of usury, then the Administrative Agent shall have the right and option, by written notice to the Mortgagor of not less than ninety (90) calendar days, to declare an Event of Default to exist under this Mortgage and to declare the Secured Obligations immediately due and payable. The Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Secured Obligations for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof; for real estate tax purposes by reason of this Mortgage or the Secured Obligations. If such claim, credit or deduction shall be required by law, the Administrative Agent shall have the option, by written notice of not less than ninety (90) calendar days, to declare an Event of Default to exist under this Mortgage and to declare the Secured Obligations immediately due and payable.

Section 5.3 Confirmation Statements. After request by the Administrative Agent, the Mortgagor, within ten (10) days, shall furnish the Administrative Agent or any proposed assignee with a statement, duly acknowledged and certified, confirming to the Administrative Agent (or its designee) (i) the original principal amount of the Secured Obligations, (ii) the unpaid principal amount of the Secured Obligations, (iii) the rate of interest of the Secured Obligations, (iv) the terms of payment and maturity date of the Secured Obligations, (v) the date installments of interest and/or principal were last paid, and (vi) that, except as provided in such statement, there are no defaults or events which with the passage of time or the giving of notice or both, would constitute an event of default under the Loan Documents.

ARTICLE 6 — DEFAULT

Section 6.1 Events of Default. The occurrence of any one or more of the following events shall constitute an “*Event of Default*”:

- (a) if any Event of Default occurs under the Credit Agreement; or
- (b) if any of the Mortgagor's representations or warranties hereunder shall prove to be untrue or incomplete in any material fashion when made (or deemed to be repeated); or
- (c) if the Mortgagor shall (except as hereinabove expressly provided or expressly provided in the Credit Agreement or except as the Administrative Agent may otherwise expressly approve in writing) lease, sell, convey, alienate, mortgage, transfer, or suffer the transfer (whether voluntary or involuntary) of, or imposition of any lien or encumbrance (including, without limitation, any mechanics', materialmen's or like lien or claim or other lien or claim for lien) with respect to, legal title to or any beneficial interest in the Property or any portion thereof; or
- (d) if the Mortgagor shall be in default in the payment of any monies that may be due pursuant to this Mortgage or if the Mortgagor shall be in default under Section 3.2 (Insurance) of this Mortgage, Section 3.3 (Payment of Taxes, etc.) of this Mortgage, or Section 3.10 (Leases) of this Mortgage; or
- (e) if at any time this Mortgage shall not constitute a good and valid, fully perfected mortgage lien on and security interest in all of the Property, subject in priority only to Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement; or
- (f) if Administrative Agent receives any notice described in subsections 5(A) or (B) of 33 M.R.S.A. § 505 or any similar successor provision, as the same may be amended or replaced from time to time; or
- (g) if the Mortgagor defaults in the performance or observance of any other agreement of the Mortgagor contained in this Mortgage and such default is not remedied within thirty (30) days after the earlier of knowledge of such breach or notice thereof from the Administrative Agent.

ARTICLE 7 — RIGHTS AND REMEDIES

Section 7.1 Remedies. Upon the occurrence and during the continuance of any Event of Default, the Mortgagor agrees that the Administrative Agent may exercise any or all of the following remedies, in addition and without prejudice to, and without limiting or otherwise impairing, any other rights or remedies provided by law or this Mortgage or any other agreement between the Mortgagor and the Administrative Agent or the other secured parties (including, without limitation, the rights and remedies under the Credit Agreement and the other Loan Documents the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Administrative Agent may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Administrative Agent:

- (a) Right to Accelerate. The Administrative Agent may by written notice to the Mortgagor declare immediately due and payable the Secured Obligations (whether

fixed or matured or merely contingent), as well as all other amounts secured hereby, whereupon all such amounts shall become immediately due and payable without any further action or notice.

(b) Right of Entry. The Administrative Agent may, with or without process of law, enter upon the Property, or any part thereof, and take exclusive and peaceful possession of the Property and of all books, records, and accounts relating thereto and to exercise without interference from the Mortgagor any and all rights which the Mortgagor has with respect to the management, possession, operation, protection, or preservation of the Property, including without limitation the right to make repairs and alterations to the Property as the Administrative Agent deems necessary or desirable and the right to rent the same for the account of the Mortgagor and to deduct from such Rents all costs, expenses, and liabilities of every character incurred by the Administrative Agent in collecting such Rents and in managing, operating, maintaining, protecting, or preserving the Property (including, without limitation, altering or repairing the Property) and to apply the remainder of such Rents in such manner as the Administrative Agent may elect. All such costs, expenses, and liabilities incurred by the Administrative Agent in collecting such Rents and in managing, operating, maintaining, protecting, or preserving the Property (including, without limitation, altering or repairing the Property), if not paid out of Rents as hereinabove provided, shall constitute a demand obligation owing by the Mortgagor and shall bear interest from the date of expenditure until paid at the Default Rate, all of which shall constitute a portion of the Secured Obligations. Upon such entry, the Mortgagor will pay over to the Administrative Agent all security deposits and will cooperate in all reasonable ways in the Administrative Agent's collection of rents, including, without limitation, execution of a written notice to each lessee or occupant directing that rent be paid directly to the Administrative Agent. The Administrative Agent shall not be accountable for more monies than it actually receives from the Property, nor shall it be liable for failure to collect rents or enforce other obligations. The Administrative Agent reserves within its own discretion the right to determine the method of collection and the extent to which enforcement of collection of delinquent rents or the eviction of delinquent tenants is prosecuted. Nothing in this Subsection 7.1(b) shall impose any duty, obligation, or responsibility upon the Administrative Agent or any Secured Party for the control, care, management, leasing, or repair of the Property, nor for the carrying out of any of the terms and conditions of any Lease; nor shall it operate to make the Administrative Agent or any Secured Party responsible or liable for any waste committed on the Property by the tenants or by any other parties, or for any hazardous substances or environmental conditions on or under the Property, or for any dangerous or defective condition of the Property or for any negligence in the management, leasing, upkeep, repair, or control of the Property resulting in loss or injury or death to any tenant, licensee, employee, or stranger. The Mortgagor hereby assents to, ratifies, and confirms any and all actions of the Administrative Agent with respect to the Property taken under this subsection. Entry under this Section shall not operate to release the Mortgagor from any sums to be paid or covenants or agreements to be performed under this Mortgage.

(c) Foreclosure — Power of Sale. For any breach of the Mortgage, the Administrative Agent shall have the STATUTORY POWER OF SALE as provided in 33

M.R.S.A. § 501-A and any and all other rights and remedies under Maine law. The Administrative Agent shall have the STATUTORY POWER OF SALE and, with or without an entry as aforesaid, may sell the Property or any part or parts of the same, either as a whole or in parts or parcels, together with any improvements that may be thereon, by public auction in accordance with the statutes of the State of Maine relating to the foreclosure of a mortgage by the exercise of a Power of Sale, and may convey the same by proper deed or deeds or bill or bills of sale to the purchaser or purchasers absolutely and in fee simple; and such sale shall forever bar the Mortgagor and all persons claiming under it from all right and interest in the Property, whether at law or in equity. The Mortgagor covenants with the Administrative Agent that the Mortgagor, in case a sale shall be made under the power of sale, will upon request execute, acknowledge and deliver to the purchaser or purchasers a deed or deeds of release confirming such sale, and the Administrative Agent is irrevocably appointed the Mortgagor's attorney to execute and deliver to said purchaser such a deed or deeds and a full transfer of all policies of insurance on any of the Property at the time of such sale. In the event of foreclosure sale, the Administrative Agent shall be entitled to retain one (1%) percent of the purchase price in addition to the costs, charges and expenses allowed under the Statutory Power of Sale and in addition to all other sums which the Administrative Agent may otherwise be entitled to retain. In the event that the Administrative Agent in the exercise of the power of sale herein given elects to sell in parcels, such sales may be held from time to time and the power of sale shall not be exhausted until all of the Property shall have been sold.

(d) Administrative Agent's Judicial Remedies. The Administrative Agent may proceed by suit or suits, at law or in equity, to enforce the payment of the Secured Obligations to foreclose the liens and security interests of this Mortgage as against all or any part of the Property, and to have all or any part of the Property sold under the judgment or decree of a court of competent jurisdiction. This remedy shall be cumulative of any other nonjudicial remedies available to the Administrative Agent under the Credit Agreement, this Mortgage or the other Loan Documents. Proceeding with a request or receiving a judgment for legal relief shall not be or be deemed to be an election of remedies or bar any available non-judicial remedy of the Administrative Agent.

(e) Administrative Agent's Right to Appointment of Receiver. The Administrative Agent may have a receiver appointed to enter and take possession of all or any portion of the Property, collect the rents, issues and profits therefrom, and apply the same as the court may direct, and the Administrative Agent shall be entitled to the appointment of such a receiver as a matter of right, without consideration of the value of the Property as security for the amounts due hereunder, or the availability of other collateral, or the solvency of any person or other entity liable for the payment of such amounts. Such receiver may also take possession of, and for these purposes use, any and all Equipment and other personal property of the Mortgagor contained in or on any of the Property. The expense (including receiver's fees, counsel fees, costs and agents' compensation) incurred pursuant to the powers herein contained shall be secured hereby. The right to enter and take possession of all or any portion of the Property, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative with any other right or remedy hereunder or afforded by

law, and may be exercised concurrently therewith or independently thereof. The Administrative Agent or any such receiver shall be liable to account only for such rents, issues and profits actually received by it, less the Administrative Agent's or such receiver's costs and expenses, as aforesaid, and neither the Administrative Agent nor such receiver shall be under any obligation to collect any such rents, issues and profits, nor will the Administrative Agent or such receiver be liable to the Mortgagor for any other act or omission upon such entry and taking possession of all or any portion of the Property.

(f) Uniform Commercial Code Remedies. The Administrative Agent may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code with respect to the Collateral, and the Administrative Agent may deal with same as Collateral under the Uniform Commercial Code or as real property as provided in this Article, or in part one and in part the other, to the extent permitted by law. Such rights shall include the following:

(i) The Administrative Agent may enter upon all or any portion of the Property and may take possession of the Collateral or render the Collateral unusable by process of law or peaceably without process of law. In such event the Mortgagor shall peacefully and quietly yield up and surrender the Collateral and shall, upon request from the Administrative Agent, assemble it and make it available to the Administrative Agent at a place designated by the Administrative Agent that is reasonably convenient to the Mortgagor and the Administrative Agent.

(ii) The Administrative Agent may dispose of all or any part of the Collateral on the Mortgagor's premises or elsewhere without any liability to the Mortgagor for any damage whatsoever; provided, however, that every aspect of any such disposition by the Administrative Agent, including the method, manner, time, place and terms, must be commercially reasonable. Notice given to the Mortgagor at least 10 days before an event shall constitute reasonable notification of such event under the Uniform Commercial Code. Any proceeds of any disposition of any of the Collateral may be applied by the Administrative Agent to the payment of expenses in connection with the disposition of the Collateral, including reasonable attorneys' fees, and then to the other obligations secured hereby, all in accordance with the Credit Agreement.

(g) Leases. The Administrative Agent, with or without entry under this Section, may collect and receive all rents accruing under any Lease of the Property or any portion thereof, including amounts past due, as well as those accruing thereafter. In the event of a foreclosure sale, neither the Administrative Agent nor any person claiming under it shall have any obligation to account to the Mortgagor for any rents, issues or profits accruing from the Property or any part thereof after such sale.

(h) Other Rights. The Administrative Agent (i) may surrender the policies maintained pursuant to this Mortgage or any part thereof and upon receipt shall apply the unearned premiums as a credit on the Secured Obligations, and, in connection therewith, the Mortgagor hereby appoints the Administrative Agent as the agent and attorney-in-fact

(which is coupled with an interest and is therefore irrevocable) for the Mortgagor to collect such premiums.

(i) Discontinuance of Remedies. In case the Administrative Agent shall have proceeded to invoke any right, remedy, or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon same for any reason, the Administrative Agent shall have the unqualified right so to do and, in such event, the Mortgagor and the Administrative Agent shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Property or otherwise, and the rights, remedies, recourses and powers of the Administrative Agent shall continue as if same had never been invoked.

(j) Remedies Cumulative. All rights, remedies, and recourses of the Administrative Agent granted in the Credit Agreement, this Mortgage and the other Loan Documents, any other pledge of collateral, or otherwise available at law or equity: (i) shall be cumulative and concurrent; (ii) may be pursued separately, successively, or concurrently against the Mortgagor, the Property, or any one or more of them, at the sole discretion of the Administrative Agent; (iii) may be exercised as often as occasion therefor shall arise, it being agreed by the Mortgagor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy, or recourse; (iv) shall be nonexclusive; (v) shall not be conditioned upon the Administrative Agent exercising or pursuing any remedy in relation to the Property prior to the Administrative Agent bringing suit to recover the Secured Obligations ; and (vi) in the event the Administrative Agent elects to bring suit on the Secured Obligations and obtains a judgment against the Mortgagor prior to exercising any remedies in relation to the Property, all liens and security interests, including the lien of this Mortgage, shall remain in full force and effect and may be exercised thereafter at the Administrative Agent's option.

(k) Application of Proceeds. The proceeds from any sale, lease, or other disposition made pursuant to this Mortgage, or the proceeds from the surrender of any insurance policies pursuant hereto, or any Rents collected by the Administrative Agent from the Property or proceeds from insurance which the Administrative Agent elects to apply to the Secured Obligations pursuant to Article 3 hereof, shall be applied by the Administrative Agent in accordance with the Credit Agreement.

Section 7.2 No Waiver, etc. Any failure by the Administrative Agent to insist upon the strict performance by the Mortgagor of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof, and the Administrative Agent, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the Mortgagor of any and all of the terms and provisions of this Mortgage to be performed by the Mortgagor. Neither the Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of the Administrative Agent to comply with any request of the Mortgagor or by reason of the failure of the Administrative Agent to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or of any obligations secured by this Mortgage, or by reason of the

release, regardless of consideration, of the whole or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner or owners of all or any portion of the Property and the Administrative Agent extending the time of payment or modifying the terms of any of the obligations secured hereby or the terms of this Mortgage without first having obtained the consent of the Mortgagor or such other person obligated as to the sums secured hereby, and, in the latter event, the Mortgagor and all such other persons shall continue liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Administrative Agent. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien on all or any portion of the Property, the Administrative Agent may release the obligation of anyone at any time liable for any of the indebtedness secured by this Mortgage or any part of the security held for such indebtedness and may extend the time of payment or otherwise modify the terms of any of the obligations secured hereby and/or this Mortgage without impairing or affecting the lien of this Mortgage or the priority of such lien, as security for the payment of such indebtedness, as it may be so extended or modified, over any subordinate lien. The Administrative Agent may resort for the payment of the indebtedness secured hereby to any other security therefor held by the Administrative Agent in such order and manner as the Administrative Agent may elect.

The exercise of any option in this instrument by the Administrative Agent shall not be deemed a waiver of its rights to exercise any other option; and the filing of a suit for collection of any Note and foreclosure of this instrument as a mortgage or for any other default hereunder shall not preclude sale pursuant to the power of sale contained in this instrument after a dismissal of the suit. No provision hereof shall be deemed to release the Mortgagor's obligation to pay the interest, principal and other sums and charges secured hereby until such time as all thereof have been paid to the Administrative Agent in full. The Mortgagor agrees for itself, its successors and assigns, that the acceptance, before the expiration of the right of redemption and after the commencement of foreclosure proceedings of this Mortgage, of insurance proceeds, eminent domain awards, rents or anything else of value to be applied on or to the Mortgage indebtedness by Administrative Agent or any other Secured Party or any person or party holding under it shall not constitute a waiver of such foreclosure, and this agreement by the Mortgagor shall be that agreement referred to in 14 M.R.S.A. §6204, as may be amended, as necessary to prevent such waiver of foreclosure. This agreement by the Mortgagor is intended to apply to the acceptance and such application of any such proceeds, awards, rents and other sums or anything else of value whether the same shall be accepted from, or for the account of, the Mortgagor or from any other source whatsoever by the Administrative Agent or by any person or party holding under the Administrative Agent at any time or times in the future while any of the obligations secured hereby shall remain outstanding.

ARTICLE 8 — WAIVERS

Section 8.1 Marshalling and Other Matters. The Mortgagor hereby waives, to the extent permitted by law, the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, the Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of the Mortgagor, and on behalf of each and every person

acquiring any interest in or title to the Property subsequent to the date of this Mortgage and on behalf of all persons to the extent permitted by applicable law.

Section 8.2 Waiver of Notice. The Mortgagor shall not be entitled to any notices of any nature whatsoever from the Administrative Agent except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by the Administrative Agent to the Mortgagor and except with respect to matters for which the Administrative Agent is required by applicable law to give notice, and the Mortgagor hereby expressly waives the right to receive any notice from the Administrative Agent with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by the Administrative Agent to the Mortgagor.

Section 8.3 Waiver of Trial by Jury. **THE MORTGAGOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS MORTGAGE OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). THE MORTGAGOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THE ADMINISTRATIVE AGENT IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY THE MORTGAGOR.**

ARTICLE 9 — MISCELLANEOUS

Section 9.1 Governing Law; Jurisdiction. This Mortgage shall be governed by and construed in accordance with applicable federal law and the laws of the state where the Property is located, without reference or giving effect to any choice of law doctrine. The Mortgagor hereby irrevocably submits to the jurisdiction of any court of competent jurisdiction located in the state in which the Property is located in connection with any proceeding arising out of or relating to this Mortgage.

Section 9.2 Notices. All notices or other written communications hereunder shall be given pursuant to Section 10.02 of the Credit Agreement.

Section 9.3 No Oral Change. This Mortgage and any provisions hereof or thereof; may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of the Mortgagor or the Administrative Agent, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 9.4 Liability. This Mortgage and each of the other Loan Documents to which the Mortgagor is a party shall be binding upon and inure to the benefit of the Mortgagor and the Administrative Agent and their respective successors and assigns forever.

Section 9.5 Severability. If any term, covenant or condition of the Credit Agreement, this Mortgage or any other Loan Document is held to be invalid, illegal or unenforceable in any respect, the Credit Agreement, this Mortgage or such other Loan Documents shall be construed without such provision.

Section 9.6 Headings, Etc. The headings and captions of various Sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 9.7 Number and Gender. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 9.8 Entire Agreement. The Credit Agreement, this Mortgage and the other Loan Documents constitute the entire understanding and agreement between the Mortgagor and the Administrative Agent with respect to the transactions described herein and therein and supersede all prior written or oral understandings and agreements between the Mortgagor and the Administrative Agent and the Lenders with respect thereto. The Mortgagor hereby acknowledges that, except as incorporated in writing in the Credit Agreement, this Mortgage and the other Loan Documents, there are not, and were not, and no Persons are or were authorized by the Administrative Agent or any Lender to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Credit Agreement, this Mortgage and the other Loan Documents. In the event of any conflict or inconsistency between this Mortgage and the Credit Agreement the provisions of the Credit Agreement shall prevail.

Section 9.9 Relationship of the Mortgagor and the Administrative Agent. The relationship between the Mortgagor and the Administrative Agent is solely that of debtor and creditor, and the Administrative Agent has no fiduciary or other special relationship with the Mortgagor, and no term or condition of any of the Credit Agreement, this Mortgage and the other Loan Documents shall be construed so as to deem the relationship between the Mortgagor and the Administrative Agent to be other than that of debtor and creditor. The general partners, members, principals and (if the Mortgagor is a trust) beneficial owners of the Mortgagor are experienced in the ownership and operation of properties similar to the Property, and the Mortgagor and the Administrative Agent are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. The Mortgagor is not relying on the Administrative Agent's expertise, business acumen or advice in connection with the Property. By accepting or approving anything required to be observed, performed or fulfilled or to be given to the Administrative Agent pursuant to this Mortgage, the Credit Agreement or the other Loan Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, the Administrative Agent shall not be deemed to have warranted, consented to, or affirmed the

sufficiency, legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by the Administrative Agent.

Section 9.10 Sole Discretion of the Administrative Agent. Wherever pursuant to this Mortgage or the other Loan Documents the Administrative Agent exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to the Administrative Agent, the decision of the Administrative Agent to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of the Administrative Agent and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

Section 9.11 Last Dollar Secured. This Mortgage secures only a portion of the Secured Obligations owing or which may become owing by the Mortgagor to the Secured Parties. The parties agree that any payments or repayments of the Secured Obligations shall be and be deemed to be applied first to the portion of the Secured Obligations that is not secured hereby, it being the parties' intent that the portion of the Secured Obligations last remaining unpaid shall be secured hereby. This Mortgage shall be governed by the laws of the State of Maine.

Section 9.12 Acknowledgement. The Mortgagor confirms and acknowledges its understanding that pursuant to 10 M.R.S.A. §1146(2), to the extent applicable, in order to maintain an action against the Administrative Agent or any other Secured Party with respect to a promise, contract or agreement to lend money, extend credit, forbear from collection of a debt or make any other accommodation for the repayment of a debt, such promise, contract or agreement (or some memorandum or note thereof) must be both (a) in writing and (b) signed by the Administrative Agent or such other Secured Party.

Section 9.13 Variable Interest Rate. Under the terms and provisions of the evidence of indebtedness secured hereby, the interest rate payable thereunder may be variable. The purpose of this paragraph is to provide record notice of the right of the Secured Parties, their successors and assigns, to increase or decrease the interest rate on any indebtedness secured hereby where the terms and provisions of such indebtedness provide for a variable interest rate.

This Mortgage is also upon the STATUTORY CONDITION, for any breach of which, or for any breach of any other of the covenants, conditions, agreements and obligations of the Mortgagor herein contained, or upon the occurrence of any of the events specified as an Event of Default in this Mortgage or if the whole of the principal sum of and the interest on the Secured Obligations shall become due, the Administrative Agent shall have the STATUTORY POWER OF SALE.

**(BALANCE OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS)**

IN WITNESS WHEREOF, the Mortgagor has duly executed this Mortgage as an instrument under seal as of the day and year first above written.

Witness:

SMITH & WESSON CORP.

/s/ Nancy G. Houston

Print Name: Nancy G. Houston

By: /s/ John A. Kelly

John A. Kelly, Chief Financial Officer and Treasurer

STATE OF Arizona

Maricopa, SS.

November 30, 2007

Personally appeared before me John A. Kelly, Chief Financial Officer and Treasurer of Smith & Wesson Corp., and acknowledged the foregoing instrument to be his free act and deed in such capacity, and the free act and deed of said corporation.

/s/ Sandra K. Weeks

Notary Public

Print Name: Sandra K. Weeks

My commission expires: 4-11-09

[Seal]

[Signature Page to Maine Mortgage]

EXHIBIT A

Legal Description

The land, with the buildings and improvements now or hereafter located thereon, located in the Town of Houlton, County of Aroostook, State of Maine, and bounded and described as follows:

(See attached 5 page legal description)

When recorded return to:
Susan M. Saliba, Esq.
Edwards Angell Palmer & Dodge LLP
111 Huntington Avenue
Boston, MA 02199
(617) 951-3318

(400 North Main Street, Rochester, Strafford County, NH)

**MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING**

THIS **MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING** (as the same may be amended, restated or otherwise modified from time to time, this "Mortgage") is dated as of November 30, 2007, between **O.L. DEVELOPMENT, INC.**, a New Hampshire corporation with its principal place of business at 2100 Roosevelt Avenue, Springfield, Massachusetts 01102 (the "Mortgagor"), and **TORONTO DOMINION (TEXAS) LLC**, a Delaware limited liability company, in its capacity as administrative agent for itself, the Lenders (as defined below) and the other Secured Parties (as defined in the Credit Agreement referred to below), with an office at 31 West 52nd Street, 19th Floor, New York, New York 10019 (together with its successors and assigns, in said capacity, the "Administrative Agent"). Capitalized terms used but not defined herein shall have the meanings given such terms in the Credit Agreement referred to below.

RECITALS:

WHEREAS, Smith & Wesson Holding Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are,

collectively, the "Borrowers"), the Administrative Agent and the lenders party thereto from time to time (the "Lenders"), are parties to a Credit Agreement of even date herewith (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"). The Credit Agreement provides, among other things, for Loans in the aggregate original principal amount of \$123,303,400.23 and other financial accommodations to and for the benefit of the Borrowers and the issuance of Letters of Credit thereunder; and

WHEREAS, the Mortgagor and the other parties thereto from time to time as guarantors, entered into a certain Subsidiary Guaranty of even date herewith in favor of the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Subsidiary Guaranty"), pursuant to which the Mortgagor and the other guarantors party thereto guaranteed the payment and performance of all of the obligations, liabilities and indebtedness of the Borrowers to the Administrative Agent, the Lenders and the other Secured Parties, including, without limitation, the Loans and the other Obligations, all upon the terms and conditions set forth in the Subsidiary Guaranty; and

WHEREAS, to secure the Subsidiary Guaranty, the Mortgagor and the other parties thereto have entered into a certain Pledge and Security Agreement of even date herewith in favor of the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Security Agreement"); and

WHEREAS, this Mortgage secures to the Administrative Agent, for the benefit of the Administrative Agent, the Lenders and the other Secured Parties (all of the following, collectively, the "Secured Obligations"): (a) the due and punctual payment and performance of all indebtedness, obligations and liabilities, now or hereafter existing, of the Mortgagor and the other guarantors arising under, out of or in connection with the Subsidiary Guaranty, including, without limitation, the Obligations; (b) the due and punctual payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; (c) the performance of the covenants and agreements of the Mortgagor contained in this Mortgage, the Credit Agreement, the Subsidiary Guaranty, the Security Agreement, the other Loan Documents, and any other agreements, documents or instruments now or hereafter evidencing the Secured Obligations; and (d) each renewal, extension, consolidation or refinancing of any of the foregoing, in whole or in part; and

WHEREAS, it is a requirement under the Credit Agreement that the Mortgagor shall have executed and delivered to the Administrative Agent this Mortgage; and

WHEREAS, the Mortgagor will obtain benefits from the making of the Loans, the issuance of the Letters of Credit and the making of the other financial accommodations as set forth in the Credit Agreement and, accordingly, desires to execute this Mortgage in order to satisfy the condition described in the preceding paragraph and to induce the Lenders to make the Loans, issue the Letters of Credit and make the other financial accommodations as set forth in the Credit Agreement.

NOW THEREFORE, in consideration of the benefits accruing to the Mortgagor, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby makes the following representations and warranties to the Administrative Agent and the other Secured

Parties (as hereinafter defined) and hereby covenants and agrees with the Administrative Agent and the other Secured Parties as follows:

ARTICLE 1 — GRANTS OF SECURITY

Section 1.1 Property Mortgaged. For good and valuable consideration, in order to secure the Secured Obligations, the Mortgagor does hereby irrevocably give, grant, bargain, sell, convey, assign, confirm, grant a first priority mortgage and security interest in, and transfer to the Administrative Agent, **WITH MORTGAGE COVENANTS, UPON THE STATUTORY CONDITIONS AND WITH THE STATUTORY POWER OF SALE**, all of the following property, rights, interests and estates now owned, or hereafter acquired, by the Mortgagor (collectively, the "Property"):

(a) Land. The real property located at 400 North Main Street, City of Rochester , County of Strafford, State of New Hampshire and known as Tax Map No. 114, Lot No. 2 described in Exhibit A attached hereto and made a part hereof (collectively, the "Land"), together with additional lands, estates and development rights hereafter acquired by the Mortgagor for use in connection with the development, ownership or occupancy of such real property, and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Mortgage;

(b) Improvements. The buildings, structures, fixtures, additions, accessions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (the "Improvements");

(c) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, property, possession, claim and demand whatsoever, both at law and in equity, of the Mortgagor of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(d) Fixtures and Personal Property. All machinery, equipment, goods, inventory, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by the Mortgagor, or in which the Mortgagor has or shall have any right, title or interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, and usable in connection with the present or future use, maintenance, enjoyment, operation and occupancy of the Land and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by the Mortgagor, or in which the Mortgagor has or shall have any right, title or interest,

now or hereafter located upon the Land and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Land and the Improvements, and the right, title and interest of the Mortgagor in and to any of the Personal Property (as hereinafter defined), and all proceeds and products of the above;

(e) Leases and Rents. All leases and other agreements affecting the use, enjoyment or occupancy of the Land and the Improvements heretofore or hereafter entered into, whether before or after the filing by or against the Mortgagor of any petition for relief under 11 U.S.C. § 101 *et seq.*, as the same maybe amended from time to time (the "Bankruptcy Code") (individually, a "Lease"; collectively, the "Leases") and all right, title and interest of the Mortgagor, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents (including all tenant security and other deposits), additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements whether paid or accruing before or after the filing by or against the Mortgagor of any petition for relief under the Bankruptcy Code (collectively the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Secured Obligations ;

(f) Condemnation Awards. All awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(g) Insurance Proceeds. All proceeds of and any unearned premiums on any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property;

(h) Tax Certiorari. All refunds, rebates or credits in connection with a reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction;

(i) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, proceeds of insurance and condemnation awards, into cash or liquidation claims;

(j) Rights. The right, in the name and on behalf of the Mortgagor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of the Administrative Agent in the Property;

(k) Agreement. Except for those agreements that by their terms are not assignable, all agreements, contracts (including purchase, sale, option, right of first refusal and other contracts pertaining to the Property), certificates, instruments,

franchises, permits, licenses, approvals, consents, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Property (including any Improvements or respecting any business or activity conducted on the Land and any part thereof) and all right, title and interest of the Mortgagor therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to the Mortgagor thereunder (each a "Property Agreement" and collectively, the "Property Agreements");

(l) Other Rights. Any and all other rights of the Mortgagor in and to the Property and any accessions, renewals, replacements and substitutions of all or any portion of the Property and all proceeds and products of the Property or any portion thereof; and

(m) Books and Records. All books and records relating to any of the foregoing.

Section 1.2 Assignment of Rents. The Mortgagor hereby absolutely and unconditionally assigns to the Administrative Agent for the benefit of itself, the Lenders and the other Secured Parties all of the Mortgagor's right, title and interest in and to all current and future Leases and Rents; it being intended by the Mortgagor that this assignment constitutes a present, absolute and unconditional assignment and not an assignment for additional security only; provided that the Mortgagor will be entitled to receive such Rents until an Event of Default has occurred hereunder.

Section 1.3 Security Agreement. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code as adopted and enacted by the State or States where any of the Property is located (the "Uniform Commercial Code"). The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of the Mortgagor in the Property. The Mortgagor by executing and delivering this Mortgage has granted and hereby grants to the Administrative Agent for the benefit of itself, the Lenders and the other Secured Parties, as security for the Secured Obligations, a security interest in the Property to the full extent that the Property may be subject to the Uniform Commercial Code (said portion of the Property so subject to the Uniform Commercial Code being called in this paragraph the "Collateral"). This Mortgage shall also be effective as a "fixture filing" as to Property which is or is to become fixtures. For purposes of this Section 1.3, (i) the Mortgagor shall be deemed the "Debtor" with the address set forth for the Mortgagor in the first paragraph of this Mortgage which the Mortgagor certifies as accurate; (ii) the Administrative Agent shall be deemed to be the "Secured Party" with the address set forth for the Administrative Agent in the first paragraph of this Mortgage and shall have all of the rights of a secured party under the Uniform Commercial Code, (iii) this Mortgage covers all items of the Property which constitute personal property and which are or will become fixtures on the Land, (iv) the Mortgagor is the record owner of the Land, (v) the organizational identification number of the Mortgagor is 143395, (vi) the Mortgagor is a corporation organized under the laws of the State of New Hampshire, and (vii) the exact legal name of the Mortgagor is O.L. Development, Inc. Information concerning the security interest herein granted may be obtained from the parties at the addresses of the parties set forth in the first paragraph of this

Mortgage. The Mortgagor shall promptly advise Administrative Agent of the accrual of any commercial tort claims involving the Property. In the event of any change in name, identity, structure, or jurisdiction or form of organization of the Mortgagor, the Mortgagor shall notify the Administrative Agent thereof in accordance with the Security Agreement. The Administrative Agent shall be authorized to prepare and file (without the signature of the Mortgagor) such Uniform Commercial Code forms as Agent may deem necessary from time to time to maintain the priority of the Administrative Agent's lien upon and security interest in the Property, and the Mortgagor shall pay all expenses and fees in connection with such filing. Notwithstanding anything to the contrary contained in this Mortgage, the mortgage lien and security interest created by the Mortgage shall not extend to, and the term "Property" shall not include, any Excluded Property (as such term is defined in the Security Agreement).

Section 1.4 Pledge of Monies Held. The Mortgagor hereby assigns to the Administrative Agent all insurance proceeds paid in connection with the Property and all condemnation awards and payments described in Section 3.4, as additional security for the Secured Obligations and shall be paid and applied in accordance with the Credit Agreement.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto the Administrative Agent, and the successors and assigns of the Administrative Agent, forever, PROVIDED, HOWEVER, the Administrative Agent shall release this Mortgage and the lien hereof by proper instrument upon indefeasible payment in full in cash and discharge of all Secured Obligation sand the termination of all commitments of the Administrative Agent and the Lenders to the Borrowers thereunder (including, without limitation, all commitments to make advances and readvances of principal), including payment of all reasonable expenses incurred by the Administrative Agent in connection with the preparation and execution of such release. Notwithstanding the foregoing, the Mortgagor's obligation to indemnify and hold harmless the Administrative Agent and the other Secured Parties pursuant to the provisions hereof with respect to matters relating to any period of time during which this Mortgage was in effect shall survive any such payment or release.

ARTICLE 2 — SECURED

Section 2.1 Loans and Other Obligations. This Mortgage and the grants, security interests, assignments and transfers made in Article 1 are given for the purpose of securing the Secured Obligations, in such order of priority as specified in the Credit Agreement.

ARTICLE 3 — MORTGAGOR COVENANTS

Section 3.1 Payments. The Mortgagor shall promptly pay and perform all of the Secured Obligations when due in accordance with the Credit Agreement and the other Loan Documents.

Section 3.2 Insurance. The Mortgagor shall obtain and maintain all of the insurance required pursuant to Section 6.09 of the Credit Agreement. The Mortgagor will promptly give written notice of any casualty or other insured damage to any material portion of the Property to the Administrative Agent in accordance with Section 6.10 of the Credit Agreement. Any and all insurance proceeds payable to the Mortgagor from any such casualty or other insured damage are

hereby assigned to the Administrative Agent and shall be paid and applied in accordance with Section 2.17 of the Credit Agreement.

Section 3.3 Payment of Taxes, Etc. The Mortgagor shall pay all taxes, assessments, water rates, sewer rents, governmental impositions, and other charges now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Taxes"), all ground rents, all premiums for insurance, maintenance charges and similar charges, now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Other Charges"), and all charges for utility services provided to the Property as the same become due and payable, subject to the Mortgagor's right to contest the same as and to the extent permitted by the Credit Agreement. The Mortgagor will deliver to the Administrative Agent, promptly upon the Administrative Agent's request, evidence satisfactory to the Administrative Agent that the Taxes, Other Charges and utility service charges have been so paid or are not then delinquent. The Mortgagor shall not allow and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Property. Except to the extent sums sufficient to pay all Taxes and Other Charges have been deposited with the Administrative Agent in accordance with the terms of this Mortgage, the Mortgagor shall furnish to the Administrative Agent, upon the Administrative Agent's request, paid receipts for the payment of the Taxes and Other Charges prior to the date the same shall become delinquent. The Mortgagor pay when due all operating costs of the Property.

Section 3.4 Condemnation. If any action shall be commenced or any written notice shall be received for the taking by exercise of the power of eminent domain of title to or the temporary use of all or any part of the Property, or in the event of any private sale in lieu thereof (in any case, a "Taking"), the Mortgagor will promptly give written notice thereof to the Administrative Agent in accordance with Section 6.10 of the Credit Agreement. Any and all proceeds payable to the Mortgagor from any award made in respect of any Taking are hereby assigned to the Administrative Agent; any and all proceeds of any Taking paid to the Mortgagor or the Administrative Agent shall be paid and applied in accordance with Section 2.17 of the Credit Agreement.

Section 3.5 Maintenance of Property. The Mortgagor shall cause the Property to be maintained and operated in a good and safe condition and repair and in at least as good condition and repair as same was on the date hereof or in such better condition as same may thereafter be put (ordinary wear and tear excepted but damage from casualty expressly not excepted), and will not commit or suffer any waste of any of the Property. The Mortgagor shall not use, maintain or operate the Property in any manner which constitutes a public or private nuisance or which makes void, voidable, or cancelable, or increases the premium of, any insurance then in force with respect thereto. Except as provided in Section 7.05 of the Credit Agreement, the Improvements and the Collateral shall not be removed, demolished or materially altered without the prior written consent of the Administrative Agent. The Mortgagor shall promptly repair, replace or rebuild any part of the Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in Section 3.4 hereof, to a condition substantially similar to the condition immediately prior to the foregoing, whether or not proceeds of insurance (or proceeds in connection with any Taking) are available or sufficient for the purpose. The Mortgagor shall complete within a

reasonable time and pay for any structure or other Improvement now or at any time in the process of construction or repair on the Land.

Section 3.6 Use of Property; Zoning. The Mortgagor covenants that the Property shall be used only for purposes permitted by applicable zoning laws. The Mortgagor further covenants that the Mortgagor will not change or permit any change in the use or general nature of the occupancy of the Property as it exists as of the date of this Mortgage, without the Administrative Agent's prior written consent. The Mortgagor shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law (including, without limitation, any zoning reclassification) or other public or private restriction, limiting or defining the uses which may be made of the Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, the Mortgagor will not cause or permit the nonconforming use to be discontinued or abandoned without the express written consent of the Administrative Agent. The Mortgagor shall not take any steps whatsoever to convert the Property, or any portion thereof, to a condominium or cooperative form of management.

Section 3.7 Compliance with Laws, etc. The Mortgagor shall promptly comply, in all respects, with all existing and future federal, state and local laws, orders, ordinances, governmental rules and regulations or court orders affecting the Property, or the use thereof, including, but not limited to, the Americans with Disabilities Act (the "ADA") (collectively "Applicable Laws"), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Mortgagor shall keep the Property in compliance in all respects with all Applicable Laws, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Mortgagor shall give prompt notice to the Administrative Agent of the receipt by the Mortgagor of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws. The Mortgagor shall take appropriate measures to prevent and will not engage in or knowingly permit any illegal activities at the Property. The Mortgagor shall obtain and maintain in full force and effect, and abide by and satisfy the terms and conditions of, all material permits, licenses, registrations and other authorizations with or granted by any governmental authorities that may be required from time to time with respect to the performance of its obligations under this Mortgage. The Mortgagor shall comply with the terms and conditions of the Property Agreements and will not amend, supplement or terminate any material Property Agreement without, in each instance, the prior written consent of the Administrative Agent.

Section 3.8 . Books and Records. The Mortgagor shall comply with all record keeping and financial disclosure requirements as set forth in the Credit Agreement.

Section 3.9 Deposits for Taxes and Other Charges. At any time after the occurrence of an Event of Default hereunder, the Mortgagor, upon request from the Administrative Agent, will pay to the Administrative Agent, on the first day of each and every month thereafter ensuing, in addition to any other payments required hereunder, under the Credit Agreement and/or under any of the other Loan Documents, an amount equal to 1/12th of all Taxes and Other Charges on or against any of the Property to become payable during the ensuing 12 months, as estimated from time to time by the Administrative Agent (but with the first such payment to be in such amount

as shall, with the succeeding payments, be sufficient to pay all such amounts at least 30 days before they become due and payable), such sums to be held by the Administrative Agent (but without any obligation to pay interest thereon, except to the extent required by law) and applied to the payment of such premiums, taxes and assessments. If the sums collected under this Section 3.9 are insufficient to pay the Taxes and Other Charges as they become due and payable, then the Mortgagor shall pay to the Administrative Agent promptly upon demand any amount necessary to make up the deficiency on or before the date when such amounts shall be due. Any amount collected hereunder from time to time, until the same shall be applied as above provided, shall constitute additional collateral security for the indebtedness secured by this Mortgage; and in the event of any Event of Default, any part or all of such amounts may be applied by the Administrative Agent, at its option, to the Secured Obligations pursuant to the Credit Agreement. If the funds so deposited exceed the amount required to pay such Taxes and Other Charges for any year, the excess shall be applied toward subsequent deposits. Said deposits need not be kept separate and apart from any other funds of the Administrative Agent. The Administrative Agent, in making any payment hereby authorized relating to Taxes and/or Other Charges, may do so according to any bill, statement or estimate procured from the appropriate person, entity or office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof.

Section 3.10 Leases.

(a) The Mortgagor shall not without the Administrative Agent's prior written consent (i) execute or permit to exist any Lease of the Property or any portion thereof, (ii) amend or modify any Lease, (iii) execute any assignment or pledge of any Lease or of the rents or any part thereof from the Property, other than the assignment herein to the Administrative Agent, (iv) except where the lessee under any Lease is in default thereunder, terminate or consent to the cancellation or surrender of such Lease, (v) accept any prepayments of any installment of rents to become due under any Lease for a period exceeding one month, (vi) permit the deferral of or waive or postpone the payment of any rental payment under any Lease, or (vii) permit any transfer or assignment of any Lease or the sublease of the property subject to any Lease.

(b) The Mortgagor shall at all times timely and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all Leases to be kept and performed by the lessor thereunder and shall at all times do all things necessary to compel performance by the lessee under each Lease of all obligations, covenants and agreements by such lessee to be performed thereunder.

(c) The Mortgagor shall furnish to the Administrative Agent, within thirty (30) days after each request by the Administrative Agent to do so, a written statement in respect of any or all of the Leases setting forth the space occupied, the rentals payable thereunder, and such other information as the requesting party may reasonably request.

Section 3.11 Prohibition of Liens and Transfers. Mortgagor shall not, without the prior written consent of the Administrative Agent or except as otherwise expressly permitted by the Credit Agreement, sell, convey, alienate, mortgage, transfer or suffer the transfer (whether voluntary or involuntary) of, or the imposition of any lien or encumbrance (including, without

limitation, any mechanics', materialmen's or like lien or claim or other lien or claim for lien) with respect to, legal title to or any beneficial interest in the Property or any portion thereof other than Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement, and will not without the prior written consent of the Administrative Agent lease, license or permit any other person to occupy the whole or any part of the Property, but no such consent by the Administrative Agent shall in any event be deemed a waiver or release of any of the provisions of this Section 3.11 nor a consent to any such sale, conveyance, alienation, mortgage, transfer, leasing, licensing or permission to use or occupy any of the Property on any future occasion, and no such consent nor any such sale, alienation, mortgage, conveyance, transfer, leasing, licensing or permission shall release or discharge the Mortgagor from any obligations or liabilities hereunder, all of which shall continue to be direct and primary in any event. If the Mortgagor now or hereafter is permitted to create or to maintain any lien or encumbrance on any or all of the Property securing any indebtedness or other obligations, the Mortgagor will fully and promptly fulfill and observe each and every covenant and condition contained in each of the agreements and instruments evidencing, securing or otherwise relating to said indebtedness or other obligations. Any sale, alienation, mortgage, conveyance, transfer, leasing or licensing of the Property made in contravention of this Section 3.11 shall be null and void and of no force and effect. The Mortgagor agrees to bear and shall pay or reimburse the Administrative Agent on demand for all reasonable expenses (including, without limitation, all recording costs, reasonable in-house and outside attorneys' fees and disbursements and title search costs) incurred by the Administrative Agent in connection with the review, approval and documentation of any such sale, alienation, mortgage, conveyance, transfer, leasing or licensing of the Property.

Section 3.12 Right to Perform the Mortgagor's Covenants. In the event of any default in the performance of any of the Mortgagor's covenants or agreements herein, whether or not an Event of Default shall have occurred, the Administrative Agent may, at the option of the Administrative Agent, perform the same, and the Administrative Agent may also take all such actions as it deems desirable to prevent or cure any situation or circumstance which might, with the passage of time or giving of notice or both, become an Event of Default. The costs of any and all performance and actions taken under this Section 3.12 shall be paid by the Mortgagor to the Administrative Agent on demand, with interest at the highest applicable rate set forth in the Credit Agreement (the "Default Rate"), as from time to time in effect, such interest to accrue from the date such cost is incurred by the Administrative Agent through the date of payment by the Mortgagor, and all such costs and such interest shall be secured by this Mortgage.

Section 3.12. Entry. The Administrative Agent and any persons authorized by the Administrative Agent shall have the right to enter any or all of the Land and Improvements to inspect the Property pursuant to Section 6.06 of the Credit Agreement.

ARTICLE 4 — REPRESENTATIONS AND WARRANTIES

The Mortgagor, for itself and its successors and assigns, does hereby represent, warrant and covenant to and with the Administrative Agent and the other Secured Parties, and their respective successors and assigns, that:

Section 4.1 Title. The Mortgagor has good, marketable and indefeasible fee simple title to the Land and the Improvements and good title or valid rights and interests in and to the other Property, subject only to the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement. The possession of the Property has been peaceful and undisturbed and title thereto has not been disputed or questioned to the best of the Mortgagor's knowledge. Further, the Mortgagor has full power and lawful authority to grant, bargain, sell, convey, assign, transfer, encumber, mortgage and grant a security interest in, its interest in the Property in the manner and form hereby done or intended. The Mortgagor will preserve its interest in and title to the Property and will forever warrant and defend the same to the Administrative Agent against any and all claims whatsoever and will forever warrant and defend the validity and priority of the lien and security interest created herein against the claims of all persons and parties whomsoever, subject to the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement. The foregoing warranty of title shall survive the foreclosure of this Mortgage and shall inure to the benefit of and be enforceable by the Administrative Agent in the event the Administrative Agent (or its designee) or any other Secured Party acquires title to the Property pursuant to any foreclosure.

Section 4.2 No Foreign Person. The Mortgagor is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended, and the related Treasury Department regulations, including temporary regulations.

Section 4.3 Permitted Encumbrances. The Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement do not and will not materially interfere with the security of this Mortgage or materially and adversely affect (1) the ability of the Mortgagor to generate income from the Property sufficient to pay and perform the Secured Obligations in a timely manner or (2) the use of the Property for the use currently being made thereof, the operation of the Property as currently being operated or the value of the Property.

Section 4.4 First Lien. Upon the execution by the Mortgagor and the recording of this Mortgage, and upon the filing of UCC financing statements or amendments thereto, the Administrative Agent will have a valid first priority mortgage lien on the Property and a valid, perfected, first priority security interest in all Collateral secured hereby, subject to no liens, charges or encumbrances other than the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement.

Section 4.5 Access/Utilities. The Property has adequate rights of access to public ways and is served by adequate gas, electric, cable, telephone, water, storm sewer, sanitary sewer and storm drain facilities. All public utilities (including, but not limited to, the foregoing) necessary to the continued use, enjoyment, occupancy, operation and disposition of the Property as presently used and enjoyed are located in the public right-of-way abutting the Property, and all such utilities are connected so as to serve the Property without passing over other property. All streets, roads, highways, bridges and waterways necessary for access to and full use, occupancy, operation and disposition of the Land and the Improvements have been completed, have been publicly dedicated and accepted by the appropriate municipal authority and are open and provide public ingress and egress to the Land and the Improvements, or are the subject of irrevocable, perpetual access easements without condition or cost to the Mortgagor and which easements are for the benefit of the Property and subject to the approval of the Administrative Agent. All

liquid and solid waste disposal, septic and sewer systems located on the Property are to the Mortgagor's actual knowledge in a good and safe condition and repair and in compliance with all Applicable Laws.

Section 4.6 Taxes Paid. The Mortgagor has filed all federal, state, county and municipal tax returns required to have been filed by the Mortgagor with respect to the Property, and has paid such returns or to any notice of assessment received by the Mortgagor, and the Mortgagor has no knowledge of any basis for additional assessment with respect to such taxes, except where failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Further, the Property is free from delinquent water charges, sewer rents, taxes and assessments. The Mortgagor and the Property are free from any past due obligations for sales and payroll taxes.

Section 4.7 Single Tax Lot. The Land consists of a single lot or multiple tax lots; no portion of said tax lot(s) covers property other than the Land and no portion of the Land lies in any other tax lot.

Section 4.8 No Homestead Interests. The Property is not subject to homestead interests.

Section 4.9 Misstatements of Fact. To the best of the Mortgagor's knowledge, no statement of fact made in the Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not materially misleading. To the best of the Mortgagor's knowledge, there is no fact presently known to the Mortgagor which has not been disclosed which materially adversely affects, nor as far as the Mortgagor can foresee, might materially adversely affect the business, operations or condition (financial or otherwise) of the representing party.

Section 4.10 Condition of Improvements. The Property is free and clear of any damage that would materially and adversely affect its value and, without limiting the foregoing, the Property has not been damaged by fire, water, flood, wind, accident or other cause of loss or casualty, and any previous damage to the Property has been fully restored. The Improvements are structurally sound, in good repair and free and clear of any defects in materials and workmanship and have been constructed and installed in substantial compliance with the plans and specifications relating thereto. All major building systems located within the Improvements, including, without limitation, the heating and air conditioning systems and the electrical and plumbing systems, are in good working order and condition, ordinary wear and tear excepted. The Property and the present and contemplated use and occupancy thereof are substantially in compliance with all Applicable Laws, including, without limitation, zoning ordinances, building codes, land use and environmental laws, laws relating to the disabled (including, but not limited to, the ADA) and other similar laws.

Section 4.11 Approvals. The Mortgagor has obtained all necessary certificates, permits, licenses and other approvals, governmental and otherwise, necessary for the use, occupancy and operation of the Property and the conduct of its business (including, without limitation, certificates of completion and certificates of occupancy) and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are in full force and effect as of the date hereof and not subject to revocation, suspension, forfeiture or modification.

Section 4.12 No Condemnation. No part of any Property has been taken in condemnation or any like proceeding, nor is any proceeding pending, threatened or known to be contemplated for the partial or total condemnation or taking of the Property.

Section 4.13 No Labor or Materialmen Claims. All parties furnishing labor and materials have been paid in full, and there are no mechanics, laborers or materialmen's liens or claims outstanding for work, labor or materials affecting the Property, whether prior to, equal with or subordinate to the lien of this Mortgage.

Section 4.14 Leases. As of the date hereof, there is no Lease affecting the Property or any portion thereof. To the extent the Mortgagor enters into any Lease with respect to the Property or any portion thereof (all in accordance with the terms of this Mortgage), the Mortgagor shall deliver to the Administrative Agent a true, correct and complete copy of each such Lease when any such Lease is executed. Each such Lease shall constitute the legal, valid and binding obligation of the Mortgagor and, enforceable against the tenant thereof. To the extent the Mortgagor enters into any Lease with respect to the Property or any portion thereof (all in accordance with the terms of this Mortgage), the Mortgagor agrees that no such Lease will contain an option or right of first refusal to purchase all or any portion of the Property or any present or future interest therein, the Mortgagor agrees to furnish the Administrative Agent when any such Lease is executed a tenant estoppel certificate and lease subordination, nondisturbance and attornment agreement executed by the tenant under such Lease and in form and substance reasonably satisfactory to the Administrative Agent. Further, upon demand, the Mortgagor will collaterally transfer and assign to the Administrative Agent, in form and substance satisfactory to the Administrative Agent, the lessor's interest in any lease now or hereafter affecting the whole or any part of the Property.

Section 4.15 Security Agreement. There are no security agreements or UCC financing statements affecting any of the Property other than the Security Agreement and the UCC financing statements filed and/or recorded in favor of the Administrative Agent, and the Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement.

Section 4.16 Omissions. All reports, certificates, affidavits, statements and other data furnished to the Administrative Agent by or on behalf of the Mortgagor in connection with the Loan Documents are true and correct in all material respects and do not omit to state any fact or circumstance necessary to make the statements therein not materially misleading.

ARTICLE 5 — FURTHER ASSURANCES

Section 5.1 Further Acts. The Mortgagor will, at the cost of the Mortgagor, and without expense to the Administrative Agent, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, financing statements, confirmation statements and assurances as the Administrative Agent shall, from time to time, require, for the better assuring, conveying, assigning, transferring, perfecting and confirming unto the Administrative Agent the property and rights hereby mortgaged, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which the Mortgagor may be or may hereafter become

bound to convey or assign to the Administrative Agent, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage, or for complying with all Applicable Laws. The Mortgagor, on demand, will execute and deliver and hereby authorizes the Administrative Agent to execute in the name of the Mortgagor or without the signature of the Mortgagor to the extent the Administrative Agent may lawfully do so, one or more UCC financing statements, chattel mortgages or other instruments, to evidence more effectively the security interest of the Administrative Agent in the Property. The Mortgagor grants to the Administrative Agent an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to the Administrative Agent at law and in equity, including without limitation such rights and remedies available to the Administrative Agent pursuant to this Mortgage. Upon receipt of an affidavit of an officer of the Administrative Agent as to the loss, theft, destruction or mutilation of all or any of the Loan Documents which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Loan Document, the Mortgagor, at its expense, will issue or caused to be issued, in lieu thereof, a replacement Loan Document, dated the date of such lost, stolen, destroyed or mutilated Loan Document and otherwise of like tenor.

Section 5.2 Changes in Tax, Debt Credit and Documentary Stamp Laws. If any law is enacted or adopted or amended after the date of this Mortgage which imposes a tax, either directly or indirectly, on the Secured Obligations or the interest of the Administrative Agent or any other Secured Party in the Property, requires revenue or other stamps to be affixed to any of the Loan Documents, or imposes any other tax or charge on the same, the Mortgagor will pay the same, with interest and penalties thereon, if any. If the Administrative Agent is advised by counsel chosen by it that the payment of tax by the Mortgagor would be unlawful or taxable to the Administrative Agent or any other Secured Party or unenforceable or provide the basis for a defense of usury, then the Administrative Agent shall have the right and option, by written notice to the Mortgagor of not less than ninety (90) calendar days, to declare an Event of Default to exist under this Mortgage and to declare the Secured Obligations immediately due and payable. The Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Secured Obligations for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value of the Property, or any part thereof; for real estate tax purposes by reason of this Mortgage or the Secured Obligations. If such claim, credit or deduction shall be required by law, the Administrative Agent shall have the option, by written notice of not less than ninety (90) calendar days, to declare an Event of Default to exist under this Mortgage and to declare the Secured Obligations immediately due and payable.

Section 5.3 Confirmation Statements. After request by the Administrative Agent, the Mortgagor, within ten (10) days, shall furnish the Administrative Agent or any proposed assignee with a statement, duly acknowledged and certified, confirming to the Administrative Agent (or its designee) (i) the original principal amount of the Secured Obligations, (ii) the unpaid principal amount of the Secured Obligations, (iii) the rate of interest of the Secured Obligations, (iv) the terms of payment and maturity date of the Secured Obligations, (v) the date installments of interest and/or principal were last paid, and (vi) that, except as provided in such statement, there are no defaults or events which with the passage of time or the giving of notice or both, would constitute an event of default under the Loan Documents.

ARTICLE 6 – DEFAULT

Section 6.1 Events of Default. The occurrence of any one or more of the following events shall constitute an “*Event of Default*”:

- (a) if any Event of Default occurs under the Credit Agreement; or
- (b) if any of the Mortgagor’s representations or warranties hereunder shall prove to be untrue or incomplete in any material fashion when made (or deemed to be repeated); or
- (c) if the Mortgagor shall (except as hereinabove expressly provided or expressly provided in the Credit Agreement or except as the Administrative Agent may otherwise expressly approve in writing) lease, sell, convey, alienate, mortgage, transfer, or suffer the transfer (whether voluntary or involuntary) of, or imposition of any lien or encumbrance (including, without limitation, any mechanics’, materialmen’s or like lien or claim or other lien or claim for lien) with respect to, legal title to or any beneficial interest in the Property or any portion thereof; or
- (d) if the Mortgagor shall be in default in the payment of any monies that may be due pursuant to this Mortgage or if the Mortgagor shall be in default under Section 3.2 (Insurance) of this Mortgage, Section 3.3 (Payment of Taxes, etc.) of this Mortgage, or Section 3.10 (Leases) of this Mortgage; or
- (e) if at any time this Mortgage shall not constitute a good and valid, fully perfected mortgage lien on and security interest in all of the Property, subject in priority only to Permitted Encumbrances and the other Liens expressly permitted by Section 7.02 of the Credit Agreement; or
- (f) if the Mortgagor defaults in the performance or observance of any other agreement of the Mortgagor contained in this Mortgage and such default is not remedied within thirty (30) days after the earlier of knowledge of such breach or notice thereof from the Administrative Agent.

ARTICLE 7 — RIGHTS AND REMEDIES

Section 7.1 Remedies. Upon the occurrence and during the continuance of any Event of Default, the Mortgagor agrees that the Administrative Agent may exercise any or all of the following remedies, in addition and without prejudice to, and without limiting or otherwise impairing, any other rights or remedies provided by law or this Mortgage or any other agreement between the Mortgagor and the Administrative Agent or the other secured parties (including, without limitation, the rights and remedies under the Credit Agreement and the other Loan Documents the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Administrative Agent may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Administrative Agent:

(a) Right to Accelerate. The Administrative Agent may by written notice to the Mortgagor declare immediately due and payable the Secured Obligations (whether fixed or matured or merely contingent), as well as all other amounts secured hereby, whereupon all such amounts shall become immediately due and payable without any further action or notice.

(b) Right of Entry. The Administrative Agent may, with or without process of law, enter upon the Property, or any part thereof, and take exclusive and peaceful possession of the Property and of all books, records, and accounts relating thereto and to exercise without interference from the Mortgagor any and all rights which the Mortgagor has with respect to the management, possession, operation, protection, or preservation of the Property, including without limitation the right to make repairs and alterations to the Property as the Administrative Agent deems necessary or desirable and the right to rent the same for the account of the Mortgagor and to deduct from such Rents all costs, expenses, and liabilities of every character incurred by the Administrative Agent in collecting such Rents and in managing, operating, maintaining, protecting, or preserving the Property (including, without limitation, altering or repairing the Property) and to apply the remainder of such Rents in such manner as the Administrative Agent may elect. All such costs, expenses, and liabilities incurred by the Administrative Agent in collecting such Rents and in managing, operating, maintaining, protecting, or preserving the Property (including, without limitation, altering or repairing the Property), if not paid out of Rents as hereinabove provided, shall constitute a demand obligation owing by the Mortgagor and shall bear interest from the date of expenditure until paid at the Default Rate, all of which shall constitute a portion of the Secured Obligations. Upon such entry, the Mortgagor will pay over to the Administrative Agent all security deposits and will cooperate in all reasonable ways in the Administrative Agent's collection of rents, including, without limitation, execution of a written notice to each lessee or occupant directing that rent be paid directly to the Administrative Agent. The Administrative Agent shall not be accountable for more monies than it actually receives from the Property, nor shall it be liable for failure to collect rents or enforce other obligations. The Administrative Agent reserves within its own discretion the right to determine the method of collection and the extent to which enforcement of collection of delinquent rents or the eviction of delinquent tenants is prosecuted. Nothing in this Subsection 7.1(b) shall impose any duty, obligation, or responsibility upon the Administrative Agent or any Secured Party for the control, care, management, leasing, or repair of the Property, nor for the carrying out of any of the terms and conditions of any Lease; nor shall it operate to make the Administrative Agent or any Secured Party responsible or liable for any waste committed on the Property by the tenants or by any other parties, or for any hazardous substances or environmental conditions on or under the Property, or for any dangerous or defective condition of the Property or for any negligence in the management, leasing, upkeep, repair, or control of the Property resulting in loss or injury or death to any tenant, licensee, employee, or stranger. The Mortgagor hereby assents to, ratifies, and confirms any and all actions of the Administrative Agent with respect to the Property taken under this subsection. Entry under this Section shall not operate to release the Mortgagor from any sums to be paid or covenants or agreements to be performed under this Mortgage.

(c) Foreclosure — Power of Sale. This Mortgage is upon the Statutory Conditions, for any breach of which the Administrative Agent shall have the Statutory Power of Sale. The Administrative Agent shall have the Statutory Power of Sale and, with or without an entry as aforesaid, may sell the Property or any part or parts of the same, either as a whole or in parts or parcels, together with any improvements that may be thereon, by public auction in accordance with the statutes of the State of New Hampshire relating to the foreclosure of a mortgage by the exercise of a Power of Sale, and may convey the same by proper deed or deeds or bill or bills of sale to the purchaser or purchasers absolutely and in fee simple; and such sale shall forever bar the Mortgagor and all persons claiming under it from all right and interest in the Property, whether at law or in equity. The Mortgagor covenants with the Administrative Agent that the Mortgagor, in case a sale shall be made under the power of sale, will upon request execute, acknowledge and deliver to the purchaser or purchasers a deed or deeds of release confirming such sale, and the Administrative Agent is irrevocably appointed the Mortgagor's attorney to execute and deliver to said purchaser such a deed or deeds and a full transfer of all policies of insurance on any of the Property at the time of such sale. In the event of foreclosure sale, the Administrative Agent shall be entitled to retain one (1%) percent of the purchase price in addition to the costs, charges and expenses allowed under the Statutory Power of Sale and in addition to all other sums which the Administrative Agent may otherwise be entitled to retain. In the event that the Administrative Agent in the exercise of the power of sale herein given elects to sell in parcels, such sales may be held from time to time and the power of sale shall not be exhausted until all of the Property shall have been sold.

(d) Administrative Agent's Judicial Remedies. The Administrative Agent may proceed by suit or suits, at law or in equity, to enforce the payment of the Secured Obligations to foreclose the liens and security interests of this Mortgage as against all or any part of the Property, and to have all or any part of the Property sold under the judgment or decree of a court of competent jurisdiction. This remedy shall be cumulative of any other nonjudicial remedies available to the Administrative Agent under the Credit Agreement, this Mortgage or the other Loan Documents. Proceeding with a request or receiving a judgment for legal relief shall not be or be deemed to be an election of remedies or bar any available non-judicial remedy of the Administrative Agent.

(e) Administrative Agent's Right to Appointment of Receiver. The Administrative Agent may have a receiver appointed to enter and take possession of all or any portion of the Property, collect the rents, issues and profits therefrom, and apply the same as the court may direct, and the Administrative Agent shall be entitled to the appointment of such a receiver as a matter of right, without consideration of the value of the Property as security for the amounts due hereunder, or the availability of other collateral, or the solvency of any person or other entity liable for the payment of such amounts. Such receiver may also take possession of, and for these purposes use, any and all Equipment and other personal property of the Mortgagor contained in or on any of the Property. The expense (including receiver's fees, counsel fees, costs and agents' compensation) incurred pursuant to the powers herein contained shall be secured hereby. The right to enter and take possession of all or any portion of the Property, to manage and operate the same, and to collect the rents, issues and profits thereof, whether by a receiver

or otherwise, shall be cumulative with any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. The Administrative Agent or any such receiver shall be liable to account only for such rents, issues and profits actually received by it, less the Administrative Agent's or such receiver's costs and expenses, as aforesaid, and neither the Administrative Agent nor such receiver shall be under any obligation to collect any such rents, issues and profits, nor will the Administrative Agent or such receiver be liable to the Mortgagor for any other act or omission upon such entry and taking possession of all or any portion of the Property.

(f) Uniform Commercial Code Remedies. The Administrative Agent may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code with respect to the Collateral, and the Administrative Agent may deal with same as Collateral under the Uniform Commercial Code or as real property as provided in this Article, or in part one and in part the other, to the extent permitted by law. Such rights shall include the following:

(i) The Administrative Agent may enter upon all or any portion of the Property and may take possession of the Collateral or render the Collateral unusable by process of law or peaceably without process of law. In such event the Mortgagor shall peacefully and quietly yield up and surrender the Collateral and shall, upon request from the Administrative Agent, assemble it and make it available to the Administrative Agent at a place designated by the Administrative Agent that is reasonably convenient to the Mortgagor and the Administrative Agent.

(ii) The Administrative Agent may dispose of all or any part of the Collateral on the Mortgagor's premises or elsewhere without any liability to the Mortgagor for any damage whatsoever; provided, however, that every aspect of any such disposition by the Administrative Agent, including the method, manner, time, place and terms, must be commercially reasonable. Notice given to the Mortgagor at least 10 days before an event shall constitute reasonable notification of such event under the Uniform Commercial Code. Any proceeds of any disposition of any of the Collateral may be applied by the Administrative Agent to the payment of expenses in connection with the disposition of the Collateral, including reasonable attorneys' fees, and then to the other obligations secured hereby, all in accordance with the Credit Agreement.

(g) Leases. The Administrative Agent, with or without entry under this Section, may collect and receive all rents accruing under any Lease of the Property or any portion thereof, including amounts past due, as well as those accruing thereafter. In the event of a foreclosure sale, neither the Administrative Agent nor any person claiming under it shall have any obligation to account to the Mortgagor for any rents, issues or profits accruing from the Property or any part thereof after such sale.

(h) Other Rights. The Administrative Agent (i) may surrender the policies maintained pursuant to this Mortgage or any part thereof and upon receipt shall apply the unearned premiums as a credit on the Secured Obligations, and, in connection therewith, the Mortgagor hereby appoints the Administrative Agent as the agent and attorney-in-fact

(which is coupled with an interest and is therefore irrevocable) for the Mortgagor to collect such premiums.

(i) Discontinuance of Remedies. In case the Administrative Agent shall have proceeded to invoke any right, remedy, or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon same for any reason, the Administrative Agent shall have the unqualified right so to do and, in such event, the Mortgagor and the Administrative Agent shall be restored to their former positions with respect to the Secured Obligations, the Loan Documents, the Property or otherwise, and the rights, remedies, recourses and powers of the Administrative Agent shall continue as if same had never been invoked.

(j) Remedies Cumulative. All rights, remedies, and recourses of the Administrative Agent granted in the Credit Agreement, this Mortgage and the other Loan Documents, any other pledge of collateral, or otherwise available at law or equity: (i) shall be cumulative and concurrent; (ii) may be pursued separately, successively, or concurrently against the Mortgagor, the Property, or any one or more of them, at the sole discretion of the Administrative Agent; (iii) may be exercised as often as occasion therefor shall arise, it being agreed by the Mortgagor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy, or recourse; (iv) shall be nonexclusive; (v) shall not be conditioned upon the Administrative Agent exercising or pursuing any remedy in relation to the Property prior to the Administrative Agent bringing suit to recover the Secured Obligations; and (vi) in the event the Administrative Agent elects to bring suit on the Secured Obligations and obtains a judgment against the Mortgagor prior to exercising any remedies in relation to the Property, all liens and security interests, including the lien of this Mortgage, shall remain in full force and effect and may be exercised thereafter at the Administrative Agent's option.

(k) Application of Proceeds. The proceeds from any sale, lease, or other disposition made pursuant to this Mortgage, or the proceeds from the surrender of any insurance policies pursuant hereto, or any Rents collected by the Administrative Agent from the Property or proceeds from insurance which the Administrative Agent elects to apply to the Secured Obligations pursuant to Article 3 hereof, shall be applied by the Administrative Agent in accordance with the Credit Agreement.

Section 7.2 No Waiver, etc. Any failure by the Administrative Agent to insist upon the strict performance by the Mortgagor of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof, and the Administrative Agent, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the Mortgagor of any and all of the terms and provisions of this Mortgage to be performed by the Mortgagor. Neither the Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of the Administrative Agent to comply with any request of the Mortgagor or by reason of the failure of the Administrative Agent to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or of any obligations secured by this Mortgage, or by reason of the

release, regardless of consideration, of the whole or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner or owners of all or any portion of the Property and the Administrative Agent extending the time of payment or modifying the terms of any of the obligations secured hereby or the terms of this Mortgage without first having obtained the consent of the Mortgagor or such other person obligated as to the sums secured hereby, and, in the latter event, the Mortgagor and all such other persons shall continue liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Administrative Agent. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien on all or any portion of the Property, the Administrative Agent may release the obligation of anyone at any time liable for any of the indebtedness secured by this Mortgage or any part of the security held for such indebtedness and may extend the time of payment or otherwise modify the terms of any of the obligations secured hereby and/or this Mortgage without impairing or affecting the lien of this Mortgage or the priority of such lien, as security for the payment of such indebtedness, as it may be so extended or modified, over any subordinate lien. The Administrative Agent may resort for the payment of the indebtedness secured hereby to any other security therefor held by the Administrative Agent in such order and manner as the Administrative Agent may elect.

ARTICLE 8 — WAIVERS

Section 8.1 Marshalling and Other Matters. The Mortgagor hereby waives, to the extent permitted by law, the benefit of all appraisalment, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, the Mortgagor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of the Mortgagor, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of this Mortgage and on behalf of all persons to the extent permitted by applicable law.

Section 8.2 Waiver of Notice. The Mortgagor shall not be entitled to any notices of any nature whatsoever from the Administrative Agent except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by the Administrative Agent to the Mortgagor and except with respect to matters for which the Administrative Agent is required by applicable law to give notice, and the Mortgagor hereby expressly waives the right to receive any notice from the Administrative Agent with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by the Administrative Agent to the Mortgagor.

Section 8.3 Waiver of Trial by Jury. **THE MORTGAGOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS MORTGAGE OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). THE MORTGAGOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY**

OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THE ADMINISTRATIVE AGENT IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY THE MORTGAGOR.

ARTICLE 9 — MISCELLANEOUS

Section 9.1 Governing Law; Jurisdiction. This Mortgage shall be governed by and construed in accordance with applicable federal law and the laws of the state where the Property is located, without reference or giving effect to any choice of law doctrine. The Mortgagor hereby irrevocably submits to the jurisdiction of any court of competent jurisdiction located in the state in which the Property is located in connection with any proceeding arising out of or relating to this Mortgage.

Section 9.2 Notices. All notices or other written communications hereunder shall be given pursuant to Section 15 of the Subsidiary Guaranty.

Section 9.3 No Oral Change. This Mortgage and any provisions hereof or thereof; may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of the Mortgagor or the Administrative Agent, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 9.4 Liability. This Mortgage and each of the other Loan Documents to which the Mortgagor is a party shall be binding upon and inure to the benefit of the Mortgagor and the Administrative Agent and their respective successors and assigns forever.

Section 9.5 Severability. If any term, covenant or condition of the Credit Agreement, this Mortgage or any other Loan Document is held to be invalid, illegal or unenforceable in any respect, the Credit Agreement, this Mortgage or such other Loan Documents shall be construed without such provision.

Section 9.6 Headings, Etc. The headings and captions of various Sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 9.7 Number and Gender. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 9.8 Entire Agreement. The Credit Agreement, this Mortgage and the other Loan Documents constitute the entire understanding and agreement between the Mortgagor and the Administrative Agent with respect to the transactions described herein and therein and supersede all prior written or oral understandings and agreements between the Mortgagor and the

Administrative Agent and the Lenders with respect thereto. The Mortgagor hereby acknowledges that, except as incorporated in writing in the Credit Agreement, this Mortgage and the other Loan Documents, there are not, and were not, and no Persons are or were authorized by the Administrative Agent or any Lender to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Credit Agreement, this Mortgage and the other Loan Documents. In the event of any conflict or inconsistency between this Mortgage and the Credit Agreement the provisions of the Credit Agreement shall prevail.

Section 9.9 Relationship of the Mortgagor and the Administrative Agent. The relationship between the Mortgagor and the Administrative Agent is solely that of debtor and creditor, and the Administrative Agent has no fiduciary or other special relationship with the Mortgagor, and no term or condition of any of the Credit Agreement, this Mortgage and the other Loan Documents shall be construed so as to deem the relationship between the Mortgagor and the Administrative Agent to be other than that of debtor and creditor. The general partners, members, principals and (if the Mortgagor is a trust) beneficial owners of the Mortgagor are experienced in the ownership and operation of properties similar to the Property, and the Mortgagor and the Administrative Agent are relying solely upon such expertise and business plan in connection with the ownership and operation of the Property. The Mortgagor is not relying on the Administrative Agent's expertise, business acumen or advice in connection with the Property. By accepting or approving anything required to be observed, performed or fulfilled or to be given to the Administrative Agent pursuant to this Mortgage, the Credit Agreement or the other Loan Documents, including without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, the Administrative Agent shall not be deemed to have warranted, consented to, or affirmed the sufficiency, legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by the Administrative Agent.

Section 9.10 Sole Discretion of the Administrative Agent. Wherever pursuant to this Mortgage or the other Loan Documents the Administrative Agent exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to the Administrative Agent, the decision of the Administrative Agent to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of the Administrative Agent and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

Section 9.11 Stated Maximum Amount. Notice is hereby given that for the purposes of RSA Section 479:3, this Mortgage secures a maximum amount equal to the principal sum of \$123,303,400.23, plus accrued interest thereon, plus advances, if any, to protect the security of this mortgage, plus foreclosure costs and expenses, including attorney's fees, if any, plus any other costs and expenses authorized by the Mortgage or the aforesaid notes.

Section 9.12 Last Dollar Secured. This Mortgage secures only a portion of the Secured Obligations owing or which may become owing by the Mortgagor to the Secured Parties. The parties agree that any payments or repayments of the Secured Obligations shall be and be deemed to be applied first to the portion of the Secured Obligations that is not secured hereby, it

being the parties' intent that the portion of the Secured Obligations last remaining unpaid shall be secured hereby.

This Mortgage is also upon the STATUTORY CONDITIONS, for any breach of which, or for any breach of any other of the covenants, conditions, agreements and obligations of the Mortgagor herein contained, or upon the occurrence of any of the events specified as an Event of Default in this Mortgage or if the whole of the principal sum of and the interest on the Secured Obligations shall become due, the Administrative Agent shall have the STATUTORY POWER OF SALE, which is hereby incorporated by reference, and other foreclosure rights under the laws of the State or States in which the Property is located.

**(BALANCE OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS)**

IN WITNESS WHEREOF, the Mortgagor has duly executed this Mortgage as an instrument under seal as of the day and year first above written.

O.L. DEVELOPMENT, INC.

By: /s/ John A. Kelly
John A. Kelly, Vice President and Treasurer

STATE OF Arizona

COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 30 day of November, 2007, by John A. Kelly, as Vice President and Treasurer of O.L. Development, Inc.

/s/ Sandra K. Weeks
Notary Public/Justice of the Peace
My commission expires: 4-11-09
Print Notary Public's Name: Sandra K. Weeks
[Notary Seal, if any]

[Signature Page for New Hampshire Mortgage]

EXHIBIT A

Legal Description

The land, with the buildings and improvements now or hereafter located thereon, located in the City of Rochester, County of Strafford, State of New Hampshire and bounded and described as follows:

(See attached legal description)

SUBSIDIARY GUARANTY

THIS SUBSIDIARY GUARANTY (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of November 30, 2007, is made by and among each of the guarantors listed on the signature pages hereof and those additional entities that hereafter become guarantors hereunder by executing a joinder agreement substantially in the form of Exhibit A hereto (each a "Subsidiary Guarantor" and collectively the "Subsidiary Guarantors"), and Toronto Dominion (Texas) LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties (as defined in the Credit Agreement referred to below).

Reference is made to that certain Credit Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, individually, "Borrower", and collectively, "Borrowers"), the lenders party from time to time party thereto (the "Lenders"), and the Administrative Agent. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans and grant financial accommodations to one or more of the Borrowers, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each Subsidiary Guarantor is a Subsidiary of one the Borrowers and acknowledges that it has derived and will derive substantial benefit from the making of the Loans by the Lenders to the Borrowers. As consideration therefor and in order to induce the Lenders to make the Loans, each Subsidiary Guarantor is willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. Guarantee. Each Subsidiary Guarantor unconditionally guarantees, jointly with any other Guarantors of the Obligations under the Credit Agreement and other Loan Documents and severally, as a primary obligor and not merely as a surety, the due and punctual payment of the Obligations. Each Subsidiary Guarantor waives notice of, and hereby consents to any agreements or arrangements whatsoever by the Secured Parties with any other Person pertaining to the Obligations, including agreements and arrangements for payment, extension, renewal, subordination, composition, arrangement, discharge or release of the whole or any part of the Obligations, or for the discharge or surrender of any or all security, or for the compromise, whether by way of acceptance of part payment or otherwise, and, the same shall in no way impair each Subsidiary Guarantor's liability hereunder.

SECTION 2. Obligations Not Waived. To the fullest extent permitted by applicable law, each Subsidiary Guarantor waives presentment to, demand of payment from and protest to the Borrowers or any other Person of any of the Obligations, and also waives notice of acceptance of its guarantee, notice of protest for nonpayment and all other formalities. To the fullest extent permitted by applicable law, the Guarantee of each Subsidiary Guarantor hereunder

shall not be affected by (a) the failure of any Loan Party to assert any claim or demand or to enforce or exercise any right or remedy against the Borrowers or any Guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise; (b) any extension, renewal or increase of or in any of the Obligations; (c) any rescission, waiver, amendment or modification of, or any release from, any of the terms or provisions of this Agreement, the Credit Agreement, any other Loan Document, any guarantee or any other agreement or instrument, including with respect to any Guarantor under the Loan Documents; (d) the release of (or the failure to perfect a security interest in) any of the security held by or on behalf of the Administrative Agent or any other Secured Party; or (e) the failure or delay of any Secured Party to exercise any right or remedy against the Borrowers or any Guarantor of the Obligations.

SECTION 3. Security. Each Subsidiary Guarantor authorizes the Administrative Agent to (a) take and hold security for the payment of this Subsidiary Guaranty and the Obligations and exchange, enforce, waive and release any such security pursuant to the terms of any other Loan Documents; (b) apply such security and direct the order or manner of sale thereof as it in its sole discretion may determine subject to the terms of any other Loan Documents; and (c) release or substitute any one or more endorsees, other Guarantors or other obligors pursuant to the terms of any other Loan Documents. In no event shall this Section 3 require any Subsidiary Guarantor to grant security, except as required by the terms of the Loan Documents.

SECTION 4. Guarantee of Payment. Each Subsidiary Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection and waives any right to require that any resort be had by the Administrative Agent or any other Secured Party to any of the security held for payment of the Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any other Secured Party in favor of the Borrowers or any other Person.

SECTION 5. No Discharge or Diminishment of Guaranty. The obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense (other than a defense of payment) or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any other Secured Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document, any guarantee or any other agreement or instrument, by any amendment, waiver or modification of any provision of the Credit Agreement or any other Loan Document or other agreement or instrument, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act, omission or delay to do any other act that may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or that would otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations) or which would impair or eliminate any right of any Guarantor to subrogation.

SECTION 6. Defenses Waived. To the fullest extent permitted by applicable law, each Subsidiary Guarantor waives any defense based on or arising out of the unenforceability of the Obligations or any part thereof from any cause or the cessation from any cause of the liability (other than the final and indefeasible payment in full in cash of the Obligations) of the Borrowers or any other Person. Subject to the terms of the other Loan Documents, the Administrative Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with the Borrowers or any other Guarantor or exercise any other right or remedy available to them against the Borrowers or any other Guarantor, without affecting or impairing in any way the liability of each Subsidiary Guarantor hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Each Subsidiary Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of each Subsidiary Guarantor against the Borrowers or any other Guarantor or any security.

SECTION 7. Agreement to Pay; Subordination. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Secured Party has at law or in equity against each Subsidiary Guarantor by virtue hereof, upon the failure of the Borrowers or any other Loan Party to pay any Secured Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Subsidiary Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Secured Party as designated thereby in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest and fees on such Obligations. Upon payment by each Subsidiary Guarantor of any sums to the Administrative Agent or any Secured Party as provided above, all rights of each Subsidiary Guarantor against the Borrowers arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. In addition, any indebtedness of the Borrowers or any Subsidiary now or hereafter held by each Subsidiary Guarantor that is required by the Credit Agreement to be subordinated to the Obligations is hereby subordinated in right of payment to the prior payment in full of the Obligations. If any amount shall be paid to any Subsidiary Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness at any time when any Secured Obligation then due and owing has not been paid, such amount shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 8. General Limitation on Guarantee Obligations. In any action or proceeding involving any state corporate law, or any state, Federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Subsidiary Guarantor under this Agreement would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under this Agreement, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without

any further action by any Subsidiary Guarantor, any creditor or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 9. Information. Each Subsidiary Guarantor assumes all responsibility for being and keeping itself informed of the Borrowers' financial condition and assets, all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that each Subsidiary Guarantor assumes and incurs hereunder and agrees that none of the Administrative Agent or the other Secured Parties will have any duty to advise such Subsidiary Guarantor of information known to it or any of them regarding such circumstances or risks.

SECTION 10. Covenant; Representations and Warranties. Each Subsidiary Guarantor represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement are true and correct.

SECTION 11. Termination. The Guaranties made hereunder shall terminate when (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on all Loans; and (ii) all other Obligations then due and owing, have in each case been indefeasibly paid in full in cash and the Lenders have no further commitment to lend under the Credit Agreement; *provided* that any such Subsidiary Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or any part thereof, on any Secured Obligation is rescinded or must otherwise be restored by any Secured Party upon the bankruptcy or reorganization of the Borrowers, the Subsidiary Guarantors or otherwise. Upon such termination and at the written request of any Subsidiary Guarantor or its successors or assigns, and at the cost and expense of such Subsidiary Guarantor or its successors or assigns, the Administrative Agent shall execute in a timely manner a satisfaction of this Subsidiary Guaranty and such instruments, documents or agreements as are necessary or desirable to evidence the termination of this Subsidiary Guaranty.

SECTION 12. Binding Effect; Several Agreement; Assignments; Releases. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of each Subsidiary Guarantor that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to each Subsidiary Guarantor when a counterpart hereof executed on behalf of each Subsidiary Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon each Subsidiary Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of each Subsidiary Guarantor, the Administrative Agent and the other Secured Parties, and their respective successors and assigns, except that neither the Borrowers nor the Subsidiary Guarantors shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void) without the prior written consent of the Required Lenders. The Administrative Agent is hereby expressly authorized to, and agrees upon request of the Borrowers it will, release any Subsidiary Guarantor from its obligations hereunder in the event

that all the Equity Interests of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement.

SECTION 13. Waivers; Amendment. (a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Secured Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Subsidiary Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Borrowers, the Subsidiary Guarantors and the Administrative Agent (with the consent of the Required Lenders if required under the Credit Agreement).

SECTION 14. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK INCLUDING, BUT NOT LIMITED TO, SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 15. Notices. All communications and notices hereunder shall be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to each Subsidiary Guarantor shall be given to it at the following address (with a copy to the Borrowers):

Smith & Wesson Holding Corporation
c/o Smith & Wesson Corp.
2100 Roosevelt Avenue
Springfield, MA 01102-2208
Attention: John A. Kelly, Chief Financial Officer
Facsimile No: 413-739-8528

with a copy to:
Greenberg Traurig, LLP
2375 E. Camelback Road; Suite 700
Phoenix, AZ 85016
Attention: Karl A. Freeburg
Facsimile No.: 602-445-8100

SECTION 16. Survival of Agreement; Severability. (a) All covenants, agreements, representations and warranties made by the Borrowers and the Subsidiary Guarantors herein and

in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Secured Parties and shall survive the making by the Lenders of the Loans regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other fee or amount payable under this Agreement or any other Loan Document is outstanding and unpaid or the Commitments have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 12. Delivery of an executed signature page to this Agreement by facsimile transmission or electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 18. Rules of Interpretation. The rules of interpretation specified in Section 1.01 of the Credit Agreement shall be applicable to this Agreement.

SECTION 19. Jurisdiction; Consent to Service of Process. (a) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF SUCH STATE, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST

ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 15 OF THIS AGREEMENT. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 20. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 20.

[Signature Page Follows]

[Signature Page to Subsidiary Guaranty]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

SUBSIDIARY GUARANTORS:

SMITH & WESSON INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

THOMPSON CENTER HOLDING CORPORATION

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

FOX RIDGE OUTFITTERS, INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

BEAR LAKE HOLDINGS, INC.

By: /s/ John A. Kelly
Name: John A. Kelly
Title: Vice President

[Signature Page to Subsidiary Guaranty]

K.W. THOMPSON TOOL COMPANY, INC.

By: /s/ John A. Kelly _____
Name: John A. Kelly
Title: Vice President

O.L. DEVELOPMENT, INC.

By: /s/ John A. Kelly _____
Name: John A. Kelly
Title: Vice President

[Signature Page to Subsidiary Guaranty]

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: /s/ Ian Murray

Name: Ian Murray

Title: Authorized Signatory

[Form of]
JOINDER AGREEMENT

JOINDER, dated as of [_____] [____], made by [_____] a [_____] (the "New Subsidiary Guarantor"), in favor of Toronto Dominion (Texas) LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement referred to below.

WITNESSETH:

WHEREAS, Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, each individually, "Borrower", and collectively, "Borrowers") have entered into a Credit Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrowers, the lenders party from time to time thereto (the "Lenders"), and the Administrative Agent, pursuant to which the Lenders agreed, subject to the terms and conditions set forth herein, to make certain loans to the Borrowers;

WHEREAS, in connection with the Credit Agreement, the Subsidiary Guarantors parties thereto (other than the New Subsidiary Guarantor) have entered into the Guaranty, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Subsidiary Guaranty"), in favor of the Administrative Agent for the benefit of the Secured Parties;

WHEREAS, Section 6.13(a) of the Credit Agreement requires the New Subsidiary Guarantor to become a party to the Subsidiary Guaranty; and

WHEREAS, the New Subsidiary Guarantor has agreed to execute and deliver this Joinder in order to become a party to the Subsidiary Guaranty.

NOW, THEREFORE, the Administrative Agent and the New Subsidiary Guarantor hereby agree as follows:

(a) **Guarantee.** In accordance with Section 6.13(a) of the Credit Agreement, the New Subsidiary Guarantor by its signature below becomes a Subsidiary Guarantor under the Subsidiary Guaranty with the same force and effect as if originally named therein as a Subsidiary Guarantor.

(b) **Representations and Warranties.** The New Subsidiary Guarantor hereby (a) agrees to all the terms and provisions of the Subsidiary Guaranty applicable to it as a Subsidiary Guarantor thereunder and (b) represents and warrants that the

representations and warranties made by it as a Subsidiary Guarantor thereunder are true and correct in all respects on and as of the date hereof (except for those representations and warranties that relate to a specific earlier date). Each reference to a Subsidiary Guarantor in the Subsidiary Guaranty shall be deemed to include the New Subsidiary Guarantor.

(c) **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) **Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

(e) **No Waiver.** Except as expressly supplemented hereby, the Subsidiary Guaranty shall remain in full force and effect.

(f) **Notices.** All notices, requests and demands to or upon the New Subsidiary Guarantor, the Administrative Agent or any Lender shall be governed by the terms of Section 10.02 of the Credit Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

NEW SUBSIDIARY GUARANTOR:

[NEW SUBSIDIARY GUARANTOR]

By: _____
Name:
Title:

Address for Notices:

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: _____
Name:
Title:

OPERATING COMPANIES GUARANTY

THIS GUARANTY (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of November 30, 2007, is made by and among Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC"), and those additional entities that hereafter become guarantors hereunder by executing a joinder agreement substantially in the form of Exhibit A hereto (each a "Guarantor" and collectively the "Guarantors"), and Toronto Dominion (Texas) LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties (as defined in the Credit Agreement referred to below).

Reference is made to that certain Credit Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), S&W Corp., TCAC (Holdings, S&W Corp. and TCAC are, individually, "Borrower", and collectively, "Borrowers"), the lenders party from time to time party thereto (the "Lenders"), and the Administrative Agent. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans and grant financial accommodations to one or more of the Borrowers, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each Guarantor acknowledges that it has derived and will derive substantial benefit from the making of the Loans by the Lenders to the Borrowers. As consideration therefor and in order to induce the Lenders to make Loans, each Guarantor is willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. *Guarantee.* Each Guarantor unconditionally guarantees, jointly with any other Guarantor of the several Obligations of Holdings under the Credit Agreement and other Loan Documents ("Holdings' Obligations") and severally, as a primary obligor and not merely as a surety, the due and punctual payment of Holdings' Obligations. Each Guarantor waives notice of, and hereby consents to any agreements or arrangements whatsoever by the Secured Parties with any other Person pertaining to Holdings' Obligations, including agreements and arrangements for payment, extension, renewal, subordination, composition, arrangement, discharge or release of the whole or any part of Holdings' Obligations, or for the discharge or surrender of any or all security, or for the compromise, whether by way of acceptance of part payment or otherwise, and, the same shall in no way impair each Guarantor's liability hereunder.

SECTION 2. *Holdings' Obligations Not Waived.* To the fullest extent permitted by applicable law, each Guarantor waives presentment to, demand of payment from and protest to Holdings or any other Person of any of Holdings' Obligations, and also waives notice of acceptance of its guarantee, notice of protest for nonpayment and all other formalities. To the fullest extent permitted by applicable law, the Guarantee of each Guarantor hereunder shall not be affected by (a) the failure of any Loan Party to assert any claim or demand or to enforce or exercise any right or remedy against Holdings or any Guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise; (b) any extension, renewal or

increase of or in any of Holdings' Obligations; (c) any rescission, waiver, amendment or modification of, or any release from, any of the terms or provisions of this Agreement, the Credit Agreement, any other Loan Document, any guarantee or any other agreement or instrument, including with respect to any Guarantor under the Loan Documents; (d) the release of (or the failure to perfect a security interest in) any of the security held by or on behalf of the Administrative Agent or any other Secured Party; or (e) the failure or delay of any Secured Party to exercise any right or remedy against Holdings or any Guarantor of Holdings' Obligations.

SECTION 3. *Security.* Each Guarantor authorizes the Administrative Agent to (a) take and hold security for the payment of this Guaranty and Holdings' Obligations and exchange, enforce, waive and release any such security pursuant to the terms of any other Loan Documents; (b) apply such security and direct the order or manner of sale thereof as it in its sole discretion may determine subject to the terms of any other Loan Documents; and (c) release or substitute any one or more endorsees, other Guarantors or other obligors pursuant to the terms of any other Loan Documents. In no event shall this Section 3 require any Guarantor to grant security, except as required by the terms of the Loan Documents.

SECTION 4. *Guarantee of Payment.* Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection and waives any right to require that any resort be had by the Administrative Agent or any other Secured Party to any of the security held for payment of Holdings' Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any other Secured Party in favor of Holdings or any other Person.

SECTION 5. *No Discharge or Diminishment of Guaranty.* The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of Holdings' Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of Holdings' Obligations, and shall not be subject to any defense (other than a defense of payment) or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of Holdings' Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any other Secured Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document, any guarantee or any other agreement or instrument, by any amendment, waiver or modification of any provision of the Credit Agreement or any other Loan Document or other agreement or instrument, by any default, failure or delay, willful or otherwise, in the performance of Holdings' Obligations, or by any other act, omission or delay to do any other act that may or might in any manner or to any extent vary the risk of any Guarantor or that would otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all Holdings' Obligations) or which would impair or eliminate any right of any Guarantor to subrogation.

SECTION 6. *Defenses Waived.* To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of the unenforceability of Holdings' Obligations or any part thereof from any cause or the cessation from any cause of the liability (other than the final and indefeasible payment in full in cash of Holdings' Obligations) of

Holdings or any other Person. Subject to the terms of the other Loan Documents, the Administrative Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of Holdings' Obligations, make any other accommodation with Holdings or any other Guarantor or exercise any other right or remedy available to them against Holdings or any other Guarantor, without affecting or impairing in any way the liability of each Guarantor hereunder except to the extent Holdings' Obligations have been fully, finally and indefeasibly paid in cash. Each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of each Guarantor against Holdings or any other Guarantor or any security.

SECTION 7. *Agreement to Pay; Subordination.* In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Secured Party has at law or in equity against each Guarantor by virtue hereof, upon the failure of Holdings or any other Loan Party to pay any Secured Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Secured Party as designated thereby in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest and fees on such Obligations. Upon payment by each Guarantor of any sums to the Administrative Agent or any Secured Party as provided above, all rights of each Guarantor against Holdings arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all Holdings' Obligations. In addition, any indebtedness of Holdings or any Subsidiary now or hereafter held by each Guarantor that is required by the Credit Agreement to be subordinated to Holdings' Obligations is hereby subordinated in right of payment to the prior payment in full of Holdings' Obligations. If any amount shall be paid to any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness at any time when any Secured Obligation then due and owing has not been paid, such amount shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of Holdings' Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 8. *General Limitation on Guarantee Obligations.* In any action or proceeding involving any state corporate law, or any state, Federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Guarantor under this Agreement would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under this Agreement, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by any Guarantor, any creditor or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 9. *Information.* Each Guarantor assumes all responsibility for being and keeping itself informed of Holdings' financial condition and assets, all other circumstances bearing upon the risk of nonpayment of Holdings' Obligations and the nature, scope and extent of the risks that each Guarantor assumes and incurs hereunder and agrees that none of the Administrative Agent or the other Secured Parties will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

SECTION 10. *Covenant; Representations and Warranties.* Each Guarantor represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement are true and correct.

SECTION 11. *Termination.* The Guaranties made hereunder shall terminate when (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Acquisition Loans; and (ii) all other Holdings' Obligations then due and owing, have in each case been indefeasibly paid in full in cash and the Lenders have no further commitment to lend under the Credit Agreement; *provided* that any such Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or any part thereof, on any Secured Obligation is rescinded or must otherwise be restored by any Secured Party upon the bankruptcy or reorganization of Holdings, the Guarantors or otherwise. Upon such termination and at the written request of any Guarantor or its successors or assigns, and at the cost and expense of such Guarantor or its successors or assigns, the Administrative Agent shall execute in a timely manner a satisfaction of this Guaranty and such instruments, documents or agreements as are necessary or desirable to evidence the termination of this Guaranty.

SECTION 12. *Binding Effect; Several Agreement; Assignments; Releases.* Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of each Guarantor that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to each Guarantor when a counterpart hereof executed on behalf of each Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon each Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of each Guarantor, the Administrative Agent and the other Secured Parties, and their respective successors and assigns, except that neither the Borrowers nor the Guarantors shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void) without the prior written consent of the Required Lenders. The Administrative Agent is hereby expressly authorized to, and agrees upon request of the Borrowers it will, release any Guarantor from its obligations hereunder in the event that all the Equity Interests of such Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement.

SECTION 13. *Waivers; Amendment.* (a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of

steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Secured Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between Holdings, the Guarantors and the Administrative Agent (with the consent of the Required Lenders if required under the Credit Agreement).

SECTION 14. *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK INCLUDING, BUT NOT LIMITED TO, SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 15. *Notices.* All communications and notices hereunder shall be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to each Guarantor shall be given to it at the following address:

Smith & Wesson Holding Corporation
c/o Smith & Wesson Corp.
2100 Roosevelt Avenue
Springfield, MA 01102-2208
Attention: John A. Kelly, Chief Financial Officer
Facsimile No: 413-739-8528

with a copy to:
Greenberg Traurig, LLP
2375 E. Camelback Road; Suite 700
Phoenix, AZ 85016
Attention: Karl A. Freeburg
Facsimile No.: 602-445-8100

SECTION 16. *Survival of Agreement; Severability.* (a) All covenants, agreements, representations and warranties made by Holdings and the Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Secured Parties and shall survive the making by the Lenders of the Loans regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other fee or amount payable under this Agreement or any other Loan Document is outstanding and unpaid or the Commitments have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 17. *Counterparts.* This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 12. Delivery of an executed signature page to this Agreement by facsimile transmission or electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 18. *Rules of Interpretation.* The rules of interpretation specified in Section 1.01 of the Credit Agreement shall be applicable to this Agreement.

SECTION 19. *Jurisdiction; Consent to Service of Process.* (a) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF SUCH STATE, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH OF THE

PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 15 OF THIS AGREEMENT. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 20. *Waiver of Jury Trial.* EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 20.

[Signature Page Follows]

[Signature Page to Operating Companies Guaranty]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

SMITH & WESSON CORP.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

THOMPSON/CENTER ARMS COMPANY, INC.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

[Signature Page to Operating Companies Guaranty]

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: /s/ Ian Murray

Name: Ian Murray

Title: Authorized Signatory

[Form of]
JOINDER AGREEMENT

JOINDER, dated as of [_____] [____], made by [_____] a [_____] (the "New Guarantor"), in favor of Toronto Dominion (Texas) LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement referred to below.

WITNESSETH:

WHEREAS, Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, each individually, "Borrower", and collectively, "Borrowers") have entered into a Credit Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrowers, the lenders party from time to time party thereto (the "Lenders"), and the Administrative Agent, pursuant to which the Lenders agreed, subject to the terms and conditions set forth herein, to make certain loans to the Borrowers;

WHEREAS, in connection with the Credit Agreement, S&W Corp. and TCAC have entered into the Operating Companies Guaranty, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), in favor of the Administrative Agent for the benefit of the Secured Parties;

WHEREAS, the Credit Agreement requires the New Guarantor to become a party to the Guaranty; and

WHEREAS, the New Guarantor has agreed to execute and deliver this Joinder in order to become a party to the Guaranty.

NOW, THEREFORE, the Administrative Agent and the New Guarantor hereby agree as follows:

(a) **Guarantee.** In accordance with the Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the Guaranty with the same force and effect as if originally named therein as a Guarantor.

(b) **Representations and Warranties.** The New Guarantor hereby (a) agrees to all the terms and provisions of the Guaranty applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all respects on and as of the date hereof (except for those representations and warranties that relate to a specific earlier date).

Each reference to a Guarantor in the Guaranty shall be deemed to include the New Guarantor.

(c) **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) **Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

(e) **No Waiver.** Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect.

(f) **Notices.** All notices, requests and demands to or upon the New Guarantor, the Administrative Agent or any Lender shall be governed by the terms of Section 10.02 of the Credit Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

NEW GUARANTOR:

[NEW GUARANTOR]

By: _____
Name:
Title:

Address for Notices:

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: _____
Name:
Title:

HOLDINGS/THOMPSON/CENTER ARMS GUARANTY

THIS GUARANTY (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of November 30, 2007, is made by and among Smith & Wesson Holding Corporation, a Nevada corporation ("Holdings"), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC"), and those additional entities that hereafter become guarantors hereunder by executing a joinder agreement substantially in the form of Exhibit A hereto (each a "Guarantor" and collectively the "Guarantors"), and Toronto Dominion (Texas) LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties (as defined in the Credit Agreement referred to below).

Reference is made to that certain Credit Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Holdings, Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), TCAC (Holdings, S&W Corp. and TCAC are, individually, "Borrower", and collectively, "Borrowers"), the lenders party from time to time party thereto (the "Lenders"), and the Administrative Agent. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans and grant financial accommodations to one or more of the Borrowers, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each Guarantor acknowledges that it has derived and will derive substantial benefit from the making of the Loans by the Lenders to the Borrowers. As consideration therefor and in order to induce the Lenders to make Loans, each Guarantor is willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. *Guarantee.* Each Guarantor unconditionally guarantees, jointly with any other Guarantor of the several Obligations of S&W Corp. under the Credit Agreement and other Loan Documents ("S&W Corp.'s Obligations") and severally, as a primary obligor and not merely as a surety, the due and punctual payment of S&W Corp.'s Obligations. Each Guarantor waives notice of, and hereby consents to any agreements or arrangements whatsoever by the Secured Parties with any other Person pertaining to S&W Corp.'s Obligations, including agreements and arrangements for payment, extension, renewal, subordination, composition, arrangement, discharge or release of the whole or any part of S&W Corp.'s Obligations, or for the discharge or surrender of any or all security, or for the compromise, whether by way of acceptance of part payment or otherwise, and, the same shall in no way impair each Guarantor's liability hereunder.

SECTION 2. *S&W Corp.'s Obligations Not Waived.* To the fullest extent permitted by applicable law, each Guarantor waives presentment to, demand of payment from and protest to S&W Corp. or any other Person of any of S&W Corp.'s Obligations, and also waives notice of acceptance of its guarantee, notice of protest for nonpayment and all other formalities. To the fullest extent permitted by applicable law, the Guarantee of each Guarantor hereunder shall not be affected by (a) the failure of any Loan Party to assert any claim or demand or to enforce or exercise any right or remedy against S&W Corp. or any Guarantor under the provisions of the

Credit Agreement, any other Loan Document or otherwise; (b) any extension, renewal or increase of or in any of S&W Corp.'s Obligations; (c) any rescission, waiver, amendment or modification of, or any release from, any of the terms or provisions of this Agreement, the Credit Agreement, any other Loan Document, any guarantee or any other agreement or instrument, including with respect to any Guarantor under the Loan Documents; (d) the release of (or the failure to perfect a security interest in) any of the security held by or on behalf of the Administrative Agent or any other Secured Party; or (e) the failure or delay of any Secured Party to exercise any right or remedy against S&W Corp. or any Guarantor of S&W Corp.'s Obligations.

SECTION 3. *Security.* Each Guarantor authorizes the Administrative Agent to (a) take and hold security for the payment of this Guaranty and S&W Corp.'s Obligations and exchange, enforce, waive and release any such security pursuant to the terms of any other Loan Documents; (b) apply such security and direct the order or manner of sale thereof as it in its sole discretion may determine subject to the terms of any other Loan Documents; and (c) release or substitute any one or more endorsees, other Guarantors or other obligors pursuant to the terms of any other Loan Documents. In no event shall this Section 3 require any Guarantor to grant security, except as required by the terms of the Loan Documents.

SECTION 4. *Guarantee of Payment.* Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection and waives any right to require that any resort be had by the Administrative Agent or any other Secured Party to any of the security held for payment of S&W Corp.'s Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any other Secured Party in favor of S&W Corp. or any other Person.

SECTION 5. *No Discharge or Diminishment of Guaranty.* The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of S&W Corp.'s Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of S&W Corp.'s Obligations, and shall not be subject to any defense (other than a defense of payment) or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of S&W Corp.'s Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any other Secured Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document, any guarantee or any other agreement or instrument, by any amendment, waiver or modification of any provision of the Credit Agreement or any other Loan Document or other agreement or instrument, by any default, failure or delay, willful or otherwise, in the performance of S&W Corp.'s Obligations, or by any other act, omission or delay to do any other act that may or might in any manner or to any extent vary the risk of any Guarantor or that would otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all S&W Corp.'s Obligations) or which would impair or eliminate any right of any Guarantor to subrogation.

SECTION 6. *Defenses Waived.* To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of the unenforceability of S&W Corp.'s

Obligations or any part thereof from any cause or the cessation from any cause of the liability (other than the final and indefeasible payment in full in cash of S&W Corp.'s Obligations) of S&W Corp. or any other Person. Subject to the terms of the other Loan Documents, the Administrative Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of S&W Corp.'s Obligations, make any other accommodation with S&W Corp. or any other Guarantor or exercise any other right or remedy available to them against S&W Corp. or any other Guarantor, without affecting or impairing in any way the liability of each Guarantor hereunder except to the extent S&W Corp.'s Obligations have been fully, finally and indefeasibly paid in cash. Each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of each Guarantor against S&W Corp. or any other Guarantor or any security.

SECTION 7. *Agreement to Pay; Subordination.* In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Secured Party has at law or in equity against each Guarantor by virtue hereof, upon the failure of S&W Corp. or any other Loan Party to pay any Secured Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Secured Party as designated thereby in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest and fees on such Obligations. Upon payment by each Guarantor of any sums to the Administrative Agent or any Secured Party as provided above, all rights of each Guarantor against S&W Corp. arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all S&W Corp.'s Obligations. In addition, any indebtedness of S&W Corp. or any Subsidiary now or hereafter held by each Guarantor that is required by the Credit Agreement to be subordinated to S&W Corp.'s Obligations is hereby subordinated in right of payment to the prior payment in full of S&W Corp.'s Obligations. If any amount shall be paid to any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness at any time when any Secured Obligation then due and owing has not been paid, such amount shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of S&W Corp.'s Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 8. *General Limitation on Guarantee Obligations.* In any action or proceeding involving any state corporate law, or any state, Federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Guarantor under this Agreement would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under this Agreement, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by any Guarantor, any creditor or any other Person, be automatically limited and reduced to the highest

amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 9. *Information.* Each Guarantor assumes all responsibility for being and keeping itself informed of S&W Corp.' financial condition and assets, all other circumstances bearing upon the risk of nonpayment of S&W Corp.'s Obligations and the nature, scope and extent of the risks that each Guarantor assumes and incurs hereunder and agrees that none of the Administrative Agent or the other Secured Parties will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

SECTION 10. *Covenant; Representations and Warranties.* Each Guarantor represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement are true and correct.

SECTION 11. *Termination.* The Guaranties made hereunder shall terminate when (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Real Estate Loan and the Term Loan; and (ii) all other S&W Corp.'s Obligations then due and owing, have in each case been indefeasibly paid in full in cash and the Lenders have no further commitment to lend under the Credit Agreement; *provided* that any such Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or any part thereof, on any Secured Obligation is rescinded or must otherwise be restored by any Secured Party upon the bankruptcy or reorganization of S&W Corp., the Guarantors or otherwise. Upon such termination and at the written request of any Guarantor or its successors or assigns, and at the cost and expense of such Guarantor or its successors or assigns, the Administrative Agent shall execute in a timely manner a satisfaction of this Guaranty and such instruments, documents or agreements as are necessary or desirable to evidence the termination of this Guaranty.

SECTION 12. *Binding Effect; Several Agreement; Assignments; Releases.* Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of each Guarantor that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to each Guarantor when a counterpart hereof executed on behalf of each Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon each Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of each Guarantor, the Administrative Agent and the other Secured Parties, and their respective successors and assigns, except that neither the Borrowers nor the Guarantors shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void) without the prior written consent of the Required Lenders. The Administrative Agent is hereby expressly authorized to, and agrees upon request of the Borrowers it will, release any Guarantor from its obligations hereunder in the event that all the Equity Interests of such Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement.

SECTION 13. *Waivers; Amendment.* (a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Secured Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between S&W Corp., the Guarantors and the Administrative Agent (with the consent of the Required Lenders if required under the Credit Agreement).

SECTION 14. *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK INCLUDING, BUT NOT LIMITED TO, SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 15. *Notices.* All communications and notices hereunder shall be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to each Guarantor shall be given to it at the following address:

Smith & Wesson Holding Corporation
c/o Smith & Wesson Corp.
2100 Roosevelt Avenue
Springfield, MA 01102-2208
Attention: John A. Kelly, Chief Financial Officer
Facsimile No: 413-739-8528

with a copy to:

Greenberg Traurig, LLP
2375 E. Camelback Road; Suite 700
Phoenix, AZ 85016
Attention: Karl A. Freeburg
Facsimile No.: 602-445-8100

SECTION 16. *Survival of Agreement; Severability.* (a) All covenants, agreements, representations and warranties made by S&W Corp. and the Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Secured Parties and shall survive the making by the Lenders of the Loans regardless of any investigation made by the Secured Parties or on their behalf, and

shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other fee or amount payable under this Agreement or any other Loan Document is outstanding and unpaid or the Commitments have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 17. *Counterparts.* This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 12. Delivery of an executed signature page to this Agreement by facsimile transmission or electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 18. *Rules of Interpretation.* The rules of interpretation specified in Section 1.01 of the Credit Agreement shall be applicable to this Agreement.

SECTION 19. *Jurisdiction; Consent to Service of Process.* (a) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF SUCH STATE, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY

APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 15 OF THIS AGREEMENT. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 20. *Waiver of Jury Trial.* EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 20.

[Signature Page Follows]

[Signature Page to Holdings/Thompson/Center Arms Guaranty]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

SMITH & WESSON HOLDING CORPORATION

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

THOMPSON/CENTER ARMS COMPANY, INC.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

[Signature Page to Holdings/Thompson/Center Arms Guaranty]

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: /s/ Ian Murray

Name: Ian Murray

Title: Authorized Signatory

[Form of]
JOINDER AGREEMENT

JOINDER, dated as of [_____] [____], made by [_____] a [_____] (the "New Guarantor"), in favor of Toronto Dominion (Texas) LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement referred to below.

WITNESSETH:

WHEREAS, Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, each individually, "Borrower", and collectively, "Borrowers") have entered into a Credit Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrowers, the lenders party from time to time party thereto (the "Lenders"), and the Administrative Agent, pursuant to which the Lenders agreed, subject to the terms and conditions set forth herein, to make certain loans to the Borrowers;

WHEREAS, in connection with the Credit Agreement, Holdings and TCAC have entered into the Holdings/Thompson/Center Arms Guaranty, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), in favor of the Administrative Agent for the benefit of the Secured Parties;

WHEREAS, the Credit Agreement requires the New Guarantor to become a party to the Guaranty; and

WHEREAS, the New Guarantor has agreed to execute and deliver this Joinder in order to become a party to the Guaranty.

NOW, THEREFORE, the Administrative Agent and the New Guarantor hereby agree as follows:

(a) **Guarantee.** In accordance with the Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the Guaranty with the same force and effect as if originally named therein as a Guarantor.

(b) **Representations and Warranties.** The New Guarantor hereby (a) agrees to all the terms and provisions of the Guaranty applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all respects on and as of the date hereof (except for those representations and warranties that relate to a specific earlier date).

Each reference to a Guarantor in the Guaranty shall be deemed to include the New Guarantor.

(c) **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) **Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

(e) **No Waiver.** Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect.

(f) **Notices.** All notices, requests and demands to or upon the New Guarantor, the Administrative Agent or any Lender shall be governed by the terms of Section 10.02 of the Credit Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

NEW GUARANTOR:

[NEW GUARANTOR]

By: _____

Name:

Title:

Address for Notices:

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: _____

Name:

Title:

HOLDINGS/SMITH & WESSON CORP. GUARANTY

THIS GUARANTY (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of November 30, 2007, is made by and among Smith & Wesson Holding Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), and those additional entities that hereafter become guarantors hereunder by executing a joinder agreement substantially in the form of Exhibit A hereto (each a "Guarantor" and collectively the "Guarantors"), and Toronto Dominion (Texas) LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties (as defined in the Credit Agreement referred to below).

Reference is made to that certain Credit Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Holdings, S&W Corp., and Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, individually, "Borrower", and collectively, "Borrowers"), the lenders party from time to time party thereto (the "Lenders"), and the Administrative Agent. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans and grant financial accommodations to one or more of the Borrowers, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each Guarantor acknowledges that it has derived and will derive substantial benefit from the making of the Loans by the Lenders to the Borrowers. As consideration therefor and in order to induce the Lenders to make Loans, each Guarantor is willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. *Guarantee*. Each Guarantor unconditionally guarantees, jointly with any other Guarantor of the several Obligations of TCAC under the Credit Agreement and other Loan Documents ("TCAC's Obligations") and severally, as a primary obligor and not merely as a surety, the due and punctual payment of TCAC's Obligations. Each Guarantor waives notice of, and hereby consents to any agreements or arrangements whatsoever by the Secured Parties with any other Person pertaining to TCAC's Obligations, including agreements and arrangements for payment, extension, renewal, subordination, composition, arrangement, discharge or release of the whole or any part of TCAC's Obligations, or for the discharge or surrender of any or all security, or for the compromise, whether by way of acceptance of part payment or otherwise, and, the same shall in no way impair each Guarantor's liability hereunder.

SECTION 2. *TCAC's Obligations Not Waived*. To the fullest extent permitted by applicable law, each Guarantor waives presentment to, demand of payment from and protest to TCAC or any other Person of any of TCAC's Obligations, and also waives notice of acceptance of its guarantee, notice of protest for nonpayment and all other formalities. To the fullest extent permitted by applicable law, the Guarantee of each Guarantor hereunder shall not be affected by (a) the failure of any Loan Party to assert any claim or demand or to enforce or exercise any right or remedy against TCAC or any Guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise; (b) any extension, renewal or increase of or in any of

TCAC's Obligations; (c) any rescission, waiver, amendment or modification of, or any release from, any of the terms or provisions of this Agreement, the Credit Agreement, any other Loan Document, any guarantee or any other agreement or instrument, including with respect to any Guarantor under the Loan Documents; (d) the release of (or the failure to perfect a security interest in) any of the security held by or on behalf of the Administrative Agent or any other Secured Party; or (e) the failure or delay of any Secured Party to exercise any right or remedy against TCAC or any Guarantor of TCAC's Obligations.

SECTION 3. *Security.* Each Guarantor authorizes the Administrative Agent to (a) take and hold security for the payment of this Guaranty and TCAC's Obligations and exchange, enforce, waive and release any such security pursuant to the terms of any other Loan Documents; (b) apply such security and direct the order or manner of sale thereof as it in its sole discretion may determine subject to the terms of any other Loan Documents; and (c) release or substitute any one or more endorsees, other Guarantors or other obligors pursuant to the terms of any other Loan Documents. In no event shall this Section 3 require any Guarantor to grant security, except as required by the terms of the Loan Documents.

SECTION 4. *Guarantee of Payment.* Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection and waives any right to require that any resort be had by the Administrative Agent or any other Secured Party to any of the security held for payment of TCAC's Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any other Secured Party in favor of TCAC or any other Person.

SECTION 5. *No Discharge or Diminishment of Guaranty.* The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of TCAC's Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of TCAC's Obligations, and shall not be subject to any defense (other than a defense of payment) or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of TCAC's Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any other Secured Party to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document, any guarantee or any other agreement or instrument, by any amendment, waiver or modification of any provision of the Credit Agreement or any other Loan Document or other agreement or instrument, by any default, failure or delay, willful or otherwise, in the performance of TCAC's Obligations, or by any other act, omission or delay to do any other act that may or might in any manner or to any extent vary the risk of any Guarantor or that would otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all TCAC's Obligations) or which would impair or eliminate any right of any Guarantor to subrogation.

SECTION 6. *Defenses Waived.* To the fullest extent permitted by applicable law, each Guarantor waives any defense based on or arising out of the unenforceability of TCAC's Obligations or any part thereof from any cause or the cessation from any cause of the liability (other than the final and indefeasible payment in full in cash of TCAC's Obligations) of TCAC

or any other Person. Subject to the terms of the other Loan Documents, the Administrative Agent and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of TCAC's Obligations, make any other accommodation with TCAC or any other Guarantor or exercise any other right or remedy available to them against TCAC or any other Guarantor, without affecting or impairing in any way the liability of each Guarantor hereunder except to the extent TCAC's Obligations have been fully, finally and indefeasibly paid in cash. Each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of each Guarantor against TCAC or any other Guarantor or any security.

SECTION 7. *Agreement to Pay; Subordination.* In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Secured Party has at law or in equity against each Guarantor by virtue hereof, upon the failure of TCAC or any other Loan Party to pay any Secured Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Secured Party as designated thereby in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest and fees on such Obligations. Upon payment by each Guarantor of any sums to the Administrative Agent or any Secured Party as provided above, all rights of each Guarantor against TCAC arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all TCAC's Obligations. In addition, any indebtedness of TCAC or any Subsidiary now or hereafter held by each Guarantor that is required by the Credit Agreement to be subordinated to TCAC's Obligations is hereby subordinated in right of payment to the prior payment in full of TCAC's Obligations. If any amount shall be paid to any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness at any time when any Secured Obligation then due and owing has not been paid, such amount shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Administrative Agent to be credited against the payment of TCAC's Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

SECTION 8. *General Limitation on Guarantee Obligations.* In any action or proceeding involving any state corporate law, or any state, Federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Guarantor under this Agreement would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under this Agreement, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by any Guarantor, any creditor or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 9. *Information.* Each Guarantor assumes all responsibility for being and keeping itself informed of TCAC's financial condition and assets, all other circumstances bearing upon the risk of nonpayment of TCAC's Obligations and the nature, scope and extent of the risks that each Guarantor assumes and incurs hereunder and agrees that none of the Administrative Agent or the other Secured Parties will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks.

SECTION 10. *Covenant; Representations and Warranties.* Each Guarantor represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement are true and correct.

SECTION 11. *Termination.* The Guaranties made hereunder shall terminate when all TCAC's Obligations (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) then due and owing, have in each case been indefeasibly paid in full in cash and the Lenders have no further commitment to lend under the Credit Agreement; *provided* that any such Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or any part thereof, on any Secured Obligation is rescinded or must otherwise be restored by any Secured Party upon the bankruptcy or reorganization of TCAC, the Guarantors or otherwise. Upon such termination and at the written request of any Guarantor or its successors or assigns, and at the cost and expense of such Guarantor or its successors or assigns, the Administrative Agent shall execute in a timely manner a satisfaction of this Guaranty and such instruments, documents or agreements as are necessary or desirable to evidence the termination of this Guaranty.

SECTION 12. *Binding Effect; Several Agreement; Assignments; Releases.* Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of each Guarantor that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to each Guarantor when a counterpart hereof executed on behalf of each Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon each Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of each Guarantor, the Administrative Agent and the other Secured Parties, and their respective successors and assigns, except that neither the Borrowers nor the Guarantors shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void) without the prior written consent of the Required Lenders. The Administrative Agent is hereby expressly authorized to, and agrees upon request of the Borrowers it will, release any Guarantor from its obligations hereunder in the event that all the Equity Interests of such Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement.

SECTION 13. *Waivers; Amendment.* (a) No failure or delay of the Administrative Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the

exercise of any other right or power. The rights and remedies of the Administrative Agent hereunder and of the other Secured Parties under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between TCAC, the Guarantors and the Administrative Agent (with the consent of the Required Lenders if required under the Credit Agreement).

SECTION 14. *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK INCLUDING, BUT NOT LIMITED TO, SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 15. *Notices.* All communications and notices hereunder shall be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to each Guarantor shall be given to it at the following address:

Smith & Wesson Holding Corporation
c/o Smith & Wesson Corp.
2100 Roosevelt Avenue
Springfield, MA 01102-2208
Attention: John A. Kelly, Chief Financial Officer
Facsimile No: 413-739-8528

with a copy to:

Greenberg Traurig, LLP
2375 E. Camelback Road; Suite 700
Phoenix, AZ 85016
Attention: Karl A. Freeburg
Facsimile No.: 602-445-8100

SECTION 16. *Survival of Agreement; Severability.* (a) All covenants, agreements, representations and warranties made by TCAC and the Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent and the other Secured Parties and shall survive the making by the Lenders of the Loans regardless of any investigation made by the Secured Parties or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other fee or amount payable under this Agreement or any other Loan Document is outstanding and unpaid or the Commitments have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 17. *Counterparts.* This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 12. Delivery of an executed signature page to this Agreement by facsimile transmission or electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 18. *Rules of Interpretation.* The rules of interpretation specified in Section 1.01 of the Credit Agreement shall be applicable to this Agreement.

SECTION 19. *Jurisdiction; Consent to Service of Process.* (a) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF SUCH STATE, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH OF THE

PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 15 OF THIS AGREEMENT. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 20. *Waiver of Jury Trial.* EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 20.

[Signature Page Follows]

[Signature Page to Holdings/Smith & Wesson Corp. Guaranty]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

SMITH & WESSON HOLDING CORPORATION

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

SMITH & WESSON CORP.

By: /s/ John A. Kelly

Name: John A. Kelly

Title: Vice President

[Signature Page to Holding/Smith & Wesson Corp. Guaranty]

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: /s/ Ian Murray

Name: Ian Murray

Title: Authorized Signatory

[Form of]
JOINDER AGREEMENT

JOINDER, dated as of [_____] [____], made by [_____] a [_____] (the "New Guarantor"), in favor of Toronto Dominion (Texas) LLC, as administrative agent (in such capacity, the "Administrative Agent") for the Secured Parties. Capitalized terms used and not defined herein are used with the meanings assigned to such terms in the Credit Agreement referred to below.

WITNESSETH:

WHEREAS, Smith & Wesson Holdings Corporation, a Nevada corporation ("Holdings"), Smith & Wesson Corp., a Delaware corporation ("S&W Corp."), Thompson/Center Arms Company, Inc., a New Hampshire corporation ("TCAC") (Holdings, S&W Corp. and TCAC are, each individually, "Borrower", and collectively, "Borrowers") have entered into a Credit Agreement, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrowers, the lenders party from time to time thereto (the "Lenders"), and the Administrative Agent, pursuant to which the Lenders agreed, subject to the terms and conditions set forth herein, to make certain loans to the Borrowers;

WHEREAS, in connection with the Credit Agreement, Holdings and TCAC have entered into the Holdings/S&W Corp. Guaranty, dated as of November 30, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), in favor of the Administrative Agent for the benefit of the Secured Parties;

WHEREAS, the Credit Agreement requires the New Guarantor to become a party to the Guaranty; and

WHEREAS, the New Guarantor has agreed to execute and deliver this Joinder in order to become a party to the Guaranty.

NOW, THEREFORE, the Administrative Agent and the New Guarantor hereby agree as follows:

(a) **Guarantee.** In accordance with the Credit Agreement, the New Guarantor by its signature below becomes a Guarantor under the Guaranty with the same force and effect as if originally named therein as a Guarantor.

(b) **Representations and Warranties.** The New Guarantor hereby (a) agrees to all the terms and provisions of the Guaranty applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all respects on and as of the date hereof (except for those representations and warranties that relate to a specific earlier date).

Each reference to a Guarantor in the Guaranty shall be deemed to include the New Guarantor.

(c) **Severability.** Any provision of this Joinder Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) **Counterparts.** This Joinder Agreement may be executed in counterparts, each of which shall constitute an original. Delivery of an executed signature page to this Joinder Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Joinder Agreement.

(e) **No Waiver.** Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect.

(f) **Notices.** All notices, requests and demands to or upon the New Guarantor, the Administrative Agent or any Lender shall be governed by the terms of Section 10.02 of the Credit Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have caused this Joinder Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

NEW GUARANTOR:

[NEW GUARANTOR]

By: _____

Name:

Title:

Address for Notices:

ADMINISTRATIVE AGENT:

TORONTO DOMINION (TEXAS) LLC

By: _____

Name:

Title: