

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

Date of Report (Date of the earliest event reported)  
**September 21, 2009**

**COMPX INTERNATIONAL INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation)

**1-13905**  
(Commission  
File Number)

**57-0981653**  
(IRS Employer  
Identification No.)

**5430 LBJ Freeway, Suite 1700, Dallas, Texas**  
(Address of principal executive offices)

**75240-2697**  
(Zip Code)

Registrant's telephone number, including area code  
**(972) 448-1400**

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(Former name or former address, if changed since last report.)

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):

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

On September 21, 2009, the registrant and certain of its wholly owned subsidiaries (CompX Security Products Inc., CompX Precision Slides Inc., CompX Marine Inc., Custom Marine Inc. and Livorsi Marine, Inc., collectively the “*Subsidiaries*”) entered into a Third Amendment to Credit Agreement (the “*Third Amendment*”) among the registrant, the Subsidiaries, Wachovia Bank, National Association and Comerica Bank (collectively, the “*Banks*”). The Third Amendment amended the Credit Agreement dated December 23, 2005 among the registrant, the Subsidiaries, the Banks and Compass Bank, as amended by the First Amendment to Credit Agreement dated as of October 16, 2007 among the same parties and the Second Amendment to Credit Agreement dated January 16, 2009 among the same parties (collectively as amended to date, the “*Credit Agreement*”). As previously disclosed in the registrant’s Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the “*SEC*”) on January 21, 2009, on January 15, 2009, the aggregate commitment under the Credit Agreement was reduced from \$50.0 million to \$37.5 million to reflect Compass Bank’s exit as a lender under the Credit Agreement.

The primary purpose of the Third Amendment was to adjust certain covenants in the Credit Agreement in order to take into consideration the current and expected future financial performance of the registrant. As of September 21, 2009, no amounts were outstanding under the Credit Agreement. While the registrant currently expects that the adjustments to the covenants will allow the registrant to comply with the covenants through January 15, 2012 (the maturity date of the Credit Agreement), the registrant cannot assure such compliance.

The material changes to the Credit Agreement as effected by the Third Amendment are as follows:

- the consolidated net worth covenant decreases from \$77 million to \$65 million;
- the interest coverage ratio is adjusted to only include cash interest expense from the September 2009 fiscal quarter forward;
- the permitted capital expenditures is adjusted to permit such expenditures up to 100% of depreciation and amortization for 2009 and 2010 and 125% of depreciation for 2011; and
- borrowings are limited until the end of the March 2011 fiscal quarter to the sum of 80% of consolidated accounts receivable, net, 50% of consolidated raw material inventory, 50% of consolidated finished goods inventory and 100% of consolidated unrestricted cash and cash equivalents.

As a condition to the Third Amendment:

- Wachovia Bank, National Association (“*Wachovia*”), as administrative agent for the benefit of the lenders under the Credit Agreement, and TIMET Finance Management Company, a corporation related to the registrant (“*TFMC*”), executed a First Amendment to Subordination Agreement dated September 21, 2009 (the “*Subordination Agreement Amendment*”); and
- the registrant and TFMC executed an Amended and Restated Subordinated Term Loan Promissory Note dated September 21, 2009 in the original principal amount of \$42,230,190 payable to the order of TFMC (the “*Amended and Restated TFMC Note*”).

The Subordination Agreement Amendment amended the Subordination Agreement dated October 16, 2007 between Wachovia, as administrative agent for the benefit of the lenders under the Credit Agreement, and TFMC. The Amended and Restated TFMC Note amended and restated the Subordinated Term Promissory Note dated October 26, 2007 in the original principal amount of \$52,580,190 executed by the registrant and payable to the order of TFMC. As of September 21, 2009, the principal amount outstanding under the original promissory note was \$42,230,190 and the amount of accrued interest thereon was \$152,448.09, which principal and accrued interest were carried over under the Amended and Restated TFMC Note. The material changes effected by the Subordination Agreement Amendment and the Amended and Restated TFMC Note were the deferral of required principal and interest payments on the note until on or after January 1, 2011 and certain restrictions on the amount of such payments that could be made after such date.

The descriptions of the Third Amendment, the Subordination Agreement Amendment and the Amended and Restated TFMC Note in this current report are qualified in their entirety by the specific terms of the Third Amendment, the Subordination Agreement Amendment and the Amended and Restated TFMC Note, which are filed as Exhibits 10.1, 10.2 and 10.3, respectively, to this current report and which terms are incorporated herein by reference.

The registrant also incorporates herein by reference the previous descriptions of the Credit Agreement that have not been replaced by the Third Amendment, which descriptions were contained in the registrant’s Current Reports on Form 8-K filed with the SEC on December 27, 2005, October 22, 2007 and January 21, 2009.

This current report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements concerning the registrant’s ability to comply with certain restrictive covenants contained in the Credit Agreement. Any statement in this report that is not a statement of historical fact may be deemed to be a forward-looking statement. Although the registrant believes the expectations reflected in such forward-looking statements are reasonable, it cannot give assurances that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results. It is not possible to identify all of the risks and uncertainties the registrant faces that could cause actual results to differ materially from those described in this report. These risks and uncertainties include without limitation, the future conditions in the credit markets, the results of negotiations with the Banks, the future liquidity of the registrant and its affiliates and the significant risk factors set forth in the registrant’s Annual Report on Form 10-K for the year ended December 31, 2008 that the registrant filed with the SEC effective February 26, 2009. Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those expected. The registrant disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of changes in information, future events or otherwise.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Item No.</u>	<u>Description</u>
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- 10.1\* Third Amendment to Credit Agreement dated as of the September 21, 2009 by and among the CompX International Inc., CompX Security Products Inc., CompX Precision Slides Inc., CompX Marine Inc., Custom Marine Inc., Livorsi Marine, Inc., Wachovia Bank, National Association and Comerica Bank. Certain exhibits, annexes and similar attachments to this Exhibit 10.1 are either filed under a separate item number to this list of exhibits or have not been filed, and, upon request, the registrant will furnish supplementally to the SEC a copy of any such omitted exhibit, annex or attachment.
- 10.2\* First Amendment to Subordination Agreement dated as of the September 21, 2009 by TIMET Finance Management Company and Wachovia Bank, National Association. Appendix A to Exhibit A to this Exhibit 10.2 has been filed as Exhibit 10.3 to this current report. The rest of Exhibit A has been omitted, and upon request, the registrant will furnish supplementally to the SEC a copy of the omitted part of Exhibit A to this Exhibit 10.2.
- 10.3\* Amended and Restated Subordinated Term Loan Promissory Note dated September 21, 2009 in the original principal amount of \$42,230,190 payable to the order of TIMET Finance Management Company by CompX International Inc.

\* Filed herewith

#### SIGNATURE

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.

**CompX International Inc.**  
(Registrant)

By: /s/ A. Andrew R. Louis  
*A. Andrew R. Louis, Secretary*

Date: September 24, 2009

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## INDEX TO EXHIBITS

<u>Item No.</u>	<u>Description</u>
10.1*	Third Amendment to Credit Agreement dated as of the September 21, 2009 by and among the CompX International Inc., CompX Security Products Inc., CompX Precision Slides Inc., CompX Marine Inc., Custom Marine Inc., Livorsi Marine, Inc., Wachovia Bank, National Association and Comerica Bank. Certain exhibits, annexes and similar attachments to this Exhibit 10.1 are either filed under a separate item number to this list of exhibits or have not been filed, and, upon request, the registrant will furnish supplementally to the SEC a copy of any such omitted exhibit, annex or attachment.
10.2*	First Amendment to Subordination Agreement dated as of the September 21, 2009 by TIMET Finance Management Company and Wachovia Bank, National Association. Appendix A to Exhibit A to this Exhibit 10.2 has been filed as Exhibit 10.3 to this current report. The rest of Exhibit A has been omitted, and upon request, the registrant will furnish supplementally to the SEC a copy of the omitted part of Exhibit A to this Exhibit 10.2.
10.3*	Amended and Restated Subordinated Term Loan Promissory Note dated September 21, 2009 in the original principal amount of \$42,230,190 payable to the order of TIMET Finance Management Company by CompX International Inc.
* Filed herewith	

### THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of the 21st day of September, 2009, by and among COMPX INTERNATIONAL INC. (the "Borrower"), COMPX SECURITY PRODUCTS INC., COMPX PRECISION SLIDES INC., COMPX MARINE INC., CUSTOM MARINE INC. (f/k/a CUSTOM MARINE ACQUISITION, INC.), LIVORSI MARINE, INC., WACHOVIA BANK, NATIONAL ASSOCIATION ("Wachovia"), as Administrative Agent (in such capacity, the "Administrative Agent") and a Lender (as defined below), and COMERICA BANK, as a Lender.

#### RECITALS:

The Borrower, the Administrative Agent and the Lenders have entered into a certain Credit Agreement dated as of December 23, 2005, as amended by the First Amendment thereto dated as of October 16, 2007 and the Second Amendment thereto dated as of January 15, 2009 (as so amended, the "Credit Agreement"). Capitalized terms used in this Amendment that are not otherwise defined in this Amendment shall have the respective meanings assigned to them in the Credit Agreement. In connection with the Credit Agreement, the Subsidiary Guarantors have executed the Subsidiary Guaranty Agreement in favor of the Administrative Agent, for the ratable benefit of the Administrative Agent and the Lenders.

The Borrower and the Subsidiary Guarantors have requested certain amendments to the Credit Agreement, and, subject to the terms and conditions in this Amendment, the Administrative Agent and the Lenders have agreed to such amendments.

In connection with the extension of the term of the Credit Agreement, the Lenders, the Administrative Agent, the Subsidiary Guarantors and the Borrower desire to amend the Credit Agreement upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of these Recitals and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Lenders, intending to be legally bound hereby, agree as follows:

SECTION 1. Recitals. The Recitals are incorporated herein by reference and shall be deemed to be a part of this Amendment.

SECTION 2. Amendments. The Credit Agreement is hereby amended as set forth in this Section 2.

( a ) Amendments to Section 1.1. Section 1.1 of the Credit Agreement is hereby amended by inserting the following new definitions in appropriate alphabetical order to read in their entirety as follows:

"Borrowing Base" means, on any date of determination, an amount equal to the sum of (a) 80% of the amount of the Borrower's Consolidated Accounts Receivable, Net at such time *plus* (b) 50% of the value of the Borrower's Consolidated Raw Material Inventory at such time *plus* (c) 50% of the value of the Borrower's Consolidated Finished Goods Inventory at such time *plus* (d) 100% of the Borrower's Consolidated Unrestricted Cash and Cash Equivalents at such time, all as determined in accordance with GAAP and as set forth in the Consolidated financial statements of the Borrower most recently delivered to the Administrative Agent pursuant to Section 7.1(a) and (b) or, if dated as of a later date, any Officer's Compliance Certificate delivered pursuant to Section 7.2; provided, however, that, notwithstanding the foregoing, on and after the Fiscal Quarter ending on or about March 31, 2011, the amount of the Borrowing Base shall at all times be deemed to be at least equal to the Aggregate Commitments (as in effect on any date of determination).

"Cash Interest Expense" means, with respect to the Borrower and its Subsidiaries for any period, all cash interest paid on any Debt of the Borrower and its Subsidiaries, all determined for such period on a Consolidated basis, without duplication, in accordance with GAAP.

"Fiscal Quarter" means the fiscal quarter of the Borrower and its Subsidiaries.

"Permitted Distribution Amount" means, on any date of determination, the lesser of (i) twelve and one-half cents (\$0.125) times the number of shares of capital stock of the Borrower issued and outstanding as of the last day of the most recently ended calendar quarter and (ii) the amount that Borrower is permitted to distribute as a dividend or like distribution to its shareholders in respect of its shares of capital stock for such quarter pursuant to Applicable Law, its corporate governing documents and any contractual obligations applicable to it; provided, however, that the aggregate Permitted Distribution Amount shall not in any event exceed \$8,000,000 in any calendar year.

"Restricted Payment" has the meaning set forth in Section 10.06."

(b) Amendments to Article II. Article II of the Credit Agreement is hereby amended as follows:

(i) Amendment to Section 2.1. By amending and restating Section 2.1 therein to read in its entirety as follows:

"SECTION 2.1 Revolving Credit Loans. Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties set forth herein, each Lender severally agrees to make Revolving Credit Loans in Dollars to the Borrower from time to time from the Closing Date through, but not including, the Revolving Credit Termination Date as requested by the Borrower, in accordance with the terms of Section 2.4; provided, that, based upon the Dollar Amount of all outstanding Loans and L/C Obligations, immediately after the making of any such Revolving Credit Loans, (a) the aggregate amount of all outstanding Loans and L/C Obligations shall not exceed the lesser of (i) the Borrowing Base and (ii) the Aggregate Commitments and (b) the aggregate principal amount of all outstanding Revolving Credit Loans from any Lender to the Borrower shall not at any time exceed such Lender's Commitment less such Lender's Commitment Percentage of the sum of all outstanding Swingline Loans, Alternative Currency Loans and L/C Obligations. Each Revolving Credit Loan by a Lender shall be in a principal amount equal to such Lender's Commitment Percentage of the aggregate principal amount of Revolving Credit Loans requested on such occasion. Subject to the terms and conditions hereof, the Borrower may borrow, repay and reborrow Revolving Credit Loans hereunder until the Revolving Credit Termination Date."

(ii) Amendment to Section 2.2(a). By amending and restating clause (a) of Section 2.2 therein to read in its entirety as follows:

“(a) Availability. Subject to the terms and conditions of this Agreement, and in reliance upon the representations and warranties set forth herein, the Alternative Currency Lender agrees to make Alternative Currency Loans to the Borrower from time to time from the Closing Date through, but not including, the Revolving Credit Termination Date as requested by the Borrower in accordance with the terms of Section 2.4; provided, that, based upon the Dollar Amount of all outstanding Loans and L/C Obligations, immediately after the making of any such Alternative Currency Loans, the aggregate principal amount of all outstanding Alternative Currency Loans shall not exceed the lesser of (i) the Alternative Currency Commitment and (ii) the amount that is (A) the lesser of (x) the Borrowing Base and (y) the Aggregate Commitments, less (B) the sum of the aggregate principal amount of all outstanding Revolving Credit Loans and all outstanding Swingline Loans and L/C Obligations; provided further that the Alternative Currency Lender will not make an Alternative Currency Loan from and after the date which is one (1) day after it has received written notice from the Administrative Agent (upon the request of the Required Lenders) that one or more of the applicable conditions to Extensions of Credit specified in Section 5.3 is not then satisfied until such conditions are satisfied or waived in accordance with the provisions of this Agreement (and the Alternative Currency Lender shall be entitled to conclusively rely on any such notice and shall have no obligation to independently investigate the accuracy of such notice and shall have no liability to the Borrower in respect thereof if such notice proves to be inaccurate). Alternative Currency Loans shall be funded in an amount equal to the Alternative Currency Amount of such Alternative Currency Loan. Subject to the terms and conditions hereof, the Borrower may borrow, repay and reborrow Alternative Currency Loans hereunder until the Revolving Credit Termination Date.”

(iii) Amendment to Section 2.3. By amending and restating clauses (a) and (b) of Section 2.3 therein to read in its entirety as follows:

“(a) Availability. Subject to the terms and conditions of this Agreement, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time from the Closing Date through, but not including, the Swingline Termination Date; provided, that (i) all Swingline Loans shall be denominated in Dollars and (ii) based upon the Dollar Amount of all outstanding Loans and L/C Obligations, immediately after the making of any such Swingline Loans, the aggregate principal amount of all outstanding Swingline Loans shall not exceed the lesser of (A) the Swingline Commitment and (B) the amount that is (1) the lesser of (x) the Borrowing Base and (y) the Aggregate Commitment less (2) the sum of all outstanding Revolving Credit Loans, Alternative Currency Loans and L/C Obligations; provided further that the Swingline Lender will not make a Swingline Loan from and after the date which is one (1) day after it has received written notice from the Administrative Agent (upon the request of the Required Lenders) that one or more of the applicable conditions to Extensions of Credit specified in Section 5.3 is not then satisfied until such conditions are satisfied or waived in accordance with the provisions of this Agreement (and the Swingline Lender shall be entitled to conclusively rely on any such notice and shall have no obligation to independently investigate the accuracy of such notice and shall have no liability to the Borrower in respect thereof if such notice proves to be inaccurate).

(b) Sweep Plus Service Program. On each Business Day, the Administrative Agent shall calculate the Net Cash Position. If the Net Cash Position is less than zero, then the Borrower shall be deemed to have irrevocably requested that the Swingline Lender make a Swingline Loan to the Borrower in an amount equal to the lesser of (i) an amount, which when rounded up to the nearest \$1,000, equals or exceeds the amount of the deficit Net Cash Position and (ii) an amount, which when added to the aggregate principal amount of all outstanding Swingline Loans (after giving effect to any amount requested), shall not exceed the lesser of, based upon the Dollar Amount of all outstanding Loans and L/C Obligations, (A) the amount that is (1) the lesser of (x) the Aggregate Commitment and (y) the Borrowing Base less (2) the sum of all outstanding Revolving Credit Loans, all outstanding Alternative Currency Loans and the L/C Obligations and (B) the Swingline Commitment; provided, however, that the obligation of the Swingline Lender to make any such Swingline Loan to the Borrower shall be subject to all the terms and conditions hereof (including, without limitation, Section 5.3 hereof).”

(iv) Amendment to Section 2.4(a)(4). By amending and restating subclause (4) of Section 2.4(a) therein to read in its entirety as follows:

“(4) the amount of such borrowing, which shall be in an amount equal to the amount that is the lesser of (x) the Borrowing Base and (y) the Aggregate Commitment or the Alternative Currency Commitment, as applicable, then available to the Borrower, or if less, (A) with respect to Base Rate Loans (other than Swingline Loans), in an aggregate principal amount of \$3,000,000 or a whole multiple of \$1,000,000 in excess thereof, (B) with respect to LIBOR Rate Loans denominated in Dollars, in an aggregate principal amount of \$3,000,000 or a whole multiple of \$1,000,000 in excess thereof and (C) with respect to LIBOR Rate Loans denominated in an Alternative Currency, in an aggregate principal Alternative Currency Amount of \$2,000,000 or a whole multiple of \$1,000,000 in excess thereof; and”

(v) Amendment to Section 2.5(b). By amending and restating clause (b) of Section 2.5 therein to read in its entirety as follows:

“(b) Mandatory Repayment of Revolving Credit Loans.

(i) Aggregate Commitment. If at any time (as determined by the Administrative Agent under Section 2.5(b)(v)), based upon the Dollar Amount of all outstanding Loans and L/C Obligations, (A) solely because of currency fluctuation, the outstanding principal amount of all Revolving Credit Loans exceeds one hundred and five percent (105%) of the amount equal to (1) the lesser of (x) the Aggregate Commitment and (y) the Borrowing Base less (2) the sum of all outstanding Swingline Loans, Alternative Currency Loans and L/C Obligations or (B) for any other reason, the outstanding principal amount of all Revolving Credit Loans exceeds the amount equal to (1) the lesser of (x) the Aggregate Commitment and (y) the Borrowing Base less (2) the sum of all outstanding Swingline Loans, Alternative Currency Loans and L/C Obligations, then, in each such case, the Borrower shall (I) first, if (and to the extent) necessary to eliminate such excess, immediately repay outstanding Swingline Loans (and/or reduce any pending request for such Loans on such day by the Dollar Amount of such excess), (II) second, if (and to the extent)

necessary to eliminate such excess, immediately repay outstanding Revolving Credit Loans which are Base Rate Loans by the Dollar Amount of such excess (and/or reduce any pending request for such Loans on such day by the Dollar Amount of such excess), (III) third, if (and to the extent) necessary to eliminate such excess, immediately repay Revolving Credit Loans which are LIBOR Rate Loans and Alternative Currency Loans (and/or reduce any pending requests for a borrowing or continuation or conversion of such Loans submitted in respect of such Loans on such day by the Dollar Amount of such excess) and (IV) fourth, with respect to any Letters of Credit then outstanding, make a payment of cash collateral into a cash collateral account opened by the Administrative Agent for the benefit of the Lenders in an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit (such cash collateral to be applied in accordance with Section 11.2(b)).

(ii) Alternative Currency Commitment. If at any time (as determined by the Administrative Agent under Section 2.5(b)(v)), based upon the Dollar Amount of all outstanding Loans and L/C Obligations, (A) solely because of currency fluctuation, the outstanding principal amount of all Alternative Currency Loans exceeds the lesser of (1) one hundred and five percent (105%) of the amount equal to (x) the lesser of (I) the Aggregate Commitment and (II) the Borrowing Base less (y) the sum of all outstanding Swingline Loans, Revolving Credit Loans and L/C Obligations and (2) one hundred and five percent (105%) of the Alternative Currency Commitment or (B) for any other reason, the outstanding principal amount of all Alternative Currency Loans exceeds the lesser of (1) the amount equal to (x) the lesser of (I) the Aggregate Commitment and (II) the Borrowing Base less (y) the sum of all outstanding Swingline Loans, Revolving Credit Loans and L/C Obligations and (2) the Alternative Currency Commitment, then, in each such case, such excess shall be immediately repaid, in the currency in which such Alternative Currency Loan or Alternative Currency Loans were initially funded, by the Borrower to the Administrative Agent for the account of the Alternative Currency Lender.

(iii) Swingline Commitment. If at any time (as determined by the Administrative Agent under Section 2.5(b)(v)), based upon the Dollar Amount of all outstanding Loans and L/C Obligations, and for any reason the outstanding principal amount of all Swingline Loans exceeds the lesser of (A) the amount equal to (1) the lesser of (x) the Aggregate Commitment and (y) the Borrowing Base less (2) the sum of all outstanding Revolving Credit Loans, Alternative Currency Loans and L/C Obligations and (B) the Swingline Commitment, then, in each such case, such excess shall be immediately repaid by the Borrower to the Administrative Agent for the account of the Swingline Lender.

(iv) Excess L/C Obligations. If at any time (as determined by the Administrative Agent under Section 2.5(b)(v)) and for any reason, based upon the Dollar Amount of all outstanding Loans and L/C Obligations, the outstanding amount of all L/C Obligations exceeds the lesser of (A) the amount equal to (1) the lesser of (x) the Aggregate Commitment and (y) the Borrowing Base less (2) the sum of the amount of all outstanding Swingline Loans, Revolving Credit Loans and Alternative Currency Loans and (B) the L/C Commitment, then, in each such case, the Borrower shall make a payment of cash collateral into a cash collateral account opened by the Administrative Agent for the benefit of the Lenders in an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit (such cash collateral to be applied in accordance with Section 11.2(b)).

(v) Compliance and Payments. The Borrower's compliance with this Section 2.5(b) shall be tested from time to time by the Administrative Agent at its sole discretion, but in any event shall be tested on (A) the date on which the Borrower requests the Lenders to make a Revolving Credit Loan or the Alternative Currency Lender to make an Alternative Currency Loan or the Issuing Lender to issue a Letter of Credit, (B) the date an interest payment is due under Section 4.1(e) and (C) the date of any permanent reduction in the Aggregate Commitment pursuant to Section 2.7. Each such repayment pursuant to this Section 2.5(b) shall be accompanied by any amount required to be paid pursuant to Section 4.11 hereof."

(vi) Amendment to Section 2.7(c). By amending and restating the first sentence of clause (c) of Section 2.7 therein to read in its entirety as follows:

"Each permanent reduction permitted pursuant to this Section 2.7 shall be accompanied by (i) a payment of principal sufficient to reduce (A) the aggregate Dollar Amount of all outstanding Revolving Credit Loans, Alternative Currency Loans, Swingline Loans and L/C Obligations, as applicable, after such reduction to the Aggregate Commitment as so reduced and (B) to the extent that the Alternative Currency Commitment is reduced, the aggregate Dollar Amount of all outstanding Alternative Currency Loans to the Alternate Currency Commitment as so reduced and (ii) any payment required pursuant to Section 2.5(b) after giving effect to such reduction."

(c) Amendment to Section 3.1. Section 3.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"SECTION 3.1 L/C Commitment. Subject to the terms and conditions hereof, the Issuing Lender, in reliance on the agreements of the other Lenders set forth in Section 3.4(a), agrees to issue standby letters of credit ("Letters of Credit") for the account of the Borrower on any Business Day from the Closing Date through but not including the Revolving Credit Termination Date in such form as may be approved from time to time by the Issuing Lender; provided, that the Issuing Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, based upon the Dollar Amount of all outstanding Loans and L/C Obligations, (a) the L/C Obligations would exceed the lesser of (i) the L/C Commitment and (ii) the amount that is (x) the lesser of (A) the Aggregate Commitment and (B) the Borrowing Base less (y) the aggregate principal amount of all outstanding Swingline Loans, Revolving Credit Loans and Alternative Currency Loans or (b) the Available Commitment of any Lender would be less than zero. Each Letter of Credit shall (i) be denominated in Dollars in a minimum amount of \$100,000, (ii) be a standby letter of credit issued to support obligations of the Borrower or any of its Subsidiaries, contingent or otherwise, incurred in the ordinary course of business, (iii) expire on a date satisfactory to the Issuing Lender, which date shall be no later than ninety (90) days prior to the Revolving Credit Termination Date and (iv) be subject to the Uniform Customs and/or ISP 98, as set forth in the Application or as determined by the Issuing Lender, and, to the extent not inconsistent therewith, the laws of the State of North Carolina. The Issuing Lender shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Lender or any L/C Participant to exceed any limits imposed by, any Applicable Law. References herein to "issue" and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any existing Letters of Credit, unless the context otherwise requires."

(d) Amendments to Article IX. Article IX of the Credit Agreement is hereby amended as follows:

- (i) Amendment to Section 9.2. By amending and restating Section 9.2 therein to read in its entirety as follows:

“SECTION 9.2 Consolidated Net Worth. Permit, at any time, Consolidated Net Worth to be less than (i) prior to the last day of the Fiscal Quarter ending on or about March 31, 2011, \$65,000,000 and (ii) on and after such date, the sum of \$65,000,000 plus 50% of Consolidated Net Income earned in each Fiscal Quarter beginning after the Fiscal Quarter ending on or about December 31, 2010, calculated quarterly at the end of each Fiscal Quarter (with no deduction for a net loss in any such Fiscal Quarter).”

- (ii) Amendment to Section 9.3. By amending and restating Section 9.3 therein to read in its entirety as follows:

“SECTION 9.3 Interest Coverage Ratio. As of any Fiscal Quarter end, permit the ratio of EBIT to Cash Interest Expense to be less than 2:50 to 1.00. The ratio of EBIT to Cash Interest Expense shall be measured as follows for each period indicated: (a) for the Fiscal Quarter ending on or about September 30, 2009, such Fiscal Quarter; (b) for the Fiscal Quarter ending on or about December 31, 2009, the two (2) consecutive Fiscal Quarters ending on or immediately prior to such date; (c) for the Fiscal Quarter ending on or about March 31, 2010, the three (3) consecutive Fiscal Quarters ending on or immediately prior to such date and (d) for the Fiscal Quarter ending on or about June 30, 2010 and each Fiscal Quarter thereafter, the four (4) consecutive Fiscal Quarters ending on or immediately prior to the date of determination.”

- (iii) Amendment to Section 9.4. By amending and restating Section 9.4 therein to read in its entirety as follows:

“SECTION 9.4 Capital Expenditures. Permit Capital Expenditures to be greater than (i) during each of the Fiscal Years ending in December 2009 and December 2010, an amount equal to one hundred percent (100%) of depreciation and amortization expense (calculated in accordance with GAAP) for the immediately prior Fiscal Year and (ii) during the Fiscal Year ending in December 2011, an amount equal to one hundred twenty-five percent (125%) of depreciation and amortization expense (calculated in accordance with GAAP) for the Fiscal Year ending in December 2010.”

- (e) Amendments to Article X. Article X of the Credit Agreement is hereby amended as follows:

- (i) Amendment to Section 10.6. By amending and restating Section 10.6 therein to read in its entirety as follows:

“SECTION 10.6. Limitations on Dividends and Distributions. Declare or pay any dividends upon any of its capital stock or any other ownership interests; purchase, redeem, retire or otherwise acquire, directly or indirectly, any shares of its capital stock or other ownership interests, or make any distribution of cash, property or assets among the holders of shares of its capital stock or other ownership interests, or make any change in its capital structure (any of the foregoing a “Restricted Payment”); provided that:

(a) the Borrower or any Subsidiary may pay dividends in shares of its own capital stock;

(b) any Subsidiary may pay cash dividends to the Borrower;

(c) the Borrower may pay cash dividends on its capital stock, purchase, redeem, retire or otherwise acquire, directly or indirectly, shares of its capital stock (including purchases of treasury stock), or make distributions of cash, property or assets among its shareholders; provided, however, that the aggregate amount of (x) any Restricted Payments made under this clause (c) *plus* (y) any payments or prepayments in respect of Subordinated Debt made pursuant to clause (ii) of the proviso in Section 10.10(b) shall not in any event exceed the Permitted Distribution Amount;

(d) the Borrower may redeem shares of its capital stock pursuant to the Permitted TIMET Redemption; and

(e) in addition to transactions permitted under subsection (c) above, the Borrower may pay cash dividends on its capital stock, purchase, redeem, retire or otherwise acquire, directly or indirectly, shares of its capital stock (including purchases of treasury stock), or make distributions of cash, property or assets among its shareholders in an aggregate amount not to exceed, during the period from and including the Initial Extension Date to the termination of this Credit Facility, the sum of (x) \$20,000,000 plus (y) an amount equal to fifty percent (50%) of aggregate Net Income of the Borrower and its Subsidiaries since September 30, 2008; provided, however, that the Borrower shall not make any Restricted Payments under this clause (e) unless (i) at the time when any such Restricted Payment is to be made, no Default or Event of Default has occurred and is continuing or would result therefrom; (ii) after giving effect to the making of such Restricted Payment, Consolidated Net Worth shall not be less than \$77,000,000, on a pro forma basis, determined as of the last day of the last Fiscal Quarter for which the Borrower has provided financial statements and the corresponding Officer's Compliance Certificate to the Administrative Agent and Lenders as if such Restricted Payment had been paid during such Fiscal Quarter; and (iii) the chief executive officer, controller or treasurer of the Borrower shall have certified to the Administrative Agent and Lenders as to compliance with the preceding clauses (i) and (ii) in a certificate attaching calculations.”

- (ii) Amendment to Section 10.10. By amending Section 10.10 therein to read in its entirety as follows:

“SECTION 10.10 Amendments: Payments and Prepayments of Subordinated Debt.

(a) Amend or modify (or permit the modification or amendment of) any of the terms or provisions of any Subordinated Debt other than any amendment or modification the sole effect of which is to reduce the interest rate (including any default rate) or any fees applicable to or payable in respect of such Subordinated Debt; provided that no Default or Event of Default is in existence or would arise as a result of such amendment or modification; and

(b) Without the prior written consent of the Required Lenders, cancel, forgive or discharge, or make any payment or prepayment on or in respect of, or defease, redeem, purchase or acquire for value or otherwise satisfy prior to scheduled maturity (including, without limitation, by way of depositing with any trustee with respect thereto money or securities before due for the purpose of



paying when due) any Subordinated Debt (including the Permitted TIMET Debt); provided that, so long as no Default or Event of Default is in existence or would arise as a result of the making of such payment (i) on and after January 1, 2011, the Borrower may make regularly scheduled payments of principal and accrued interest on Subordinated Debt in accordance with the terms and conditions approved by the Required Lenders pursuant to any applicable subordination agreement and (ii) the Borrower may make payments or prepayments on or in respect of Subordinated Debt, so long as the aggregate amount of (x) all payments or prepayments made pursuant to this clause (ii) plus (y) any Restricted Payments made pursuant to clause (c) of Section 10.6 shall not exceed the Permitted Distribution Amount, subject to receipt by the Administrative Agent of a certification from the chief financial officer, the controller or the treasurer of the Borrower as to compliance with the preceding clause;"

(f) Amendment to Exhibit F. Exhibit F to the Credit Agreement ("Officer's Compliance Certificate") is hereby replaced in its entirety with a new Exhibit F in the form attached to this Amendment as Annex I.

SECTION 3. Reaffirmation of Consent to TIMET Debt Payments; Consent to Modification of TIMET Promissory Note.

(a) Notwithstanding anything in Section 10.10 of the Credit Agreement, the Administrative Agent and the Lenders hereby acknowledge and reaffirm their consent to payments and prepayments of the Permitted TIMET Debt made by the Borrower after the date of incurrence of the Permitted TIMET Debt through and including June 30, 2009, in an aggregate amount sufficient to reduce the outstanding principal amount thereunder to \$42,230,190 (such payments, the "Permitted TIMET Payments"), pursuant to the terms of the Subordination Agreement, dated as of October 16, 2007, between TIMET Finance Management Company (the "Subordinate Lender") and the Administrative Agent on behalf of itself and the Lenders (the "TIMET Subordination Agreement") and, for the avoidance of doubt, the Lenders agree that no breach of Section 10.10 of the Credit Agreement has occurred or is continuing solely as a result of the making of the Permitted TIMET Payments by the Borrower.

(b) Subject to compliance with the terms of the Credit Agreement generally applicable to Subordinated Debt, the Administrative Agent and the Lenders hereby consent to the modification of the Permitted TIMET Debt to provide that payment of any and all amounts owing under the Permitted TIMET Debt shall comply in all respects with the restrictions and all other terms set forth in the Credit Agreement, as modified by this Amendment (the "Permitted TIMET Debt Modification").

(c) The foregoing consents are limited solely to the Permitted TIMET Payments and the Permitted TIMET Debt Modification, and nothing contained herein shall (i) modify the Borrower's or the Subsidiary Guarantors' respective obligations to comply fully with all duties, terms, conditions, or covenants contained in the Loan Documents or (ii) be deemed to constitute a consent to waiver of any other rights or remedies any Lender or the Administrative Agent may have under any Loan Documents or under Applicable Law with respect to any matters. Nothing in this Section 3 shall be deemed to give rise to any obligation of the Lenders or the Administrative Agent to amend, modify, or waive any provision of the Credit Agreement (other than as expressly set forth in this Amendment) or any other Loan Document. The provisions and agreements set forth in this Section 3 shall not establish a custom or course of dealing or conduct between any Lender or the Administrative Agent and Borrower.

SECTION 4. Conditions to Effectiveness. The effectiveness of this Amendment and the obligations of the Lenders hereunder are subject to the following conditions, unless the Required Lenders waive such conditions:

(a) receipt by the Administrative Agent from each of the parties hereto of a duly executed counterpart of this Amendment signed by such party;

(b) receipt by the Administrative Agent of (i) an amendment, waiver or other written instrument effecting the Permitted TIMET Debt Modification, in form and substance satisfactory to the Lenders, duly executed by the Subordinate Lender and the Borrower, and (ii) an amendment to the TIMET Subordination Agreement duly executed by the parties thereto in substantially the form attached hereto as Exhibit A;

(c) receipt by the Administrative Agent of all documents which the Administrative Agent may reasonably request;

(d) the fact that the representations and warranties of the Borrower and the Subsidiary Guarantors contained in Section 6 of this Amendment shall be true on and as of the date hereof except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties were true on and as of such earlier date;

(e) receipt by the Administrative Agent of the Amendment Fee (as defined below) and all other accrued and unpaid fees and other amounts owing by Borrower and the Subsidiary Guarantors under the Loan Documents; and

(f) all other documents and legal matters in connection with the transactions contemplated by this Amendment shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

SECTION 5. No Other Amendment. Except for the amendments set forth above, the text of the Credit Agreement shall remain unchanged and in full force and effect. On and after the Third Amendment Effective Date (as defined below), all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. This Amendment is not intended to effect, nor shall it be construed as, a novation. The Credit Agreement and this Amendment shall be construed together as a single agreement. This amendment shall constitute a Loan Document under the terms of the Credit Agreement. Nothing herein contained shall waive, annul, vary or affect any provision, condition, covenant or agreement contained in the Credit Agreement, except as herein amended, nor affect nor impair any rights, powers or remedies under the Credit Agreement as hereby amended. The Lenders and the Administrative Agent do hereby reserve all of their rights and remedies against all parties who may be or may hereafter become secondarily liable for the repayment of the Notes. The Borrower and the Subsidiary Guarantors promise and agree to perform all of the requirements, conditions, agreements and obligations under the terms of the Credit Agreement, as heretofore and hereby amended, the Credit Agreement, as amended, and the other Loan Documents being hereby ratified and affirmed. The Borrower and the Subsidiary Guarantors hereby expressly agree that the Credit Agreement, as amended, and the other Loan Documents are in full force and effect.

SECTION 6. Representations and Warranties. The Borrower and the Subsidiary Guarantors hereby represent and warrant to each of the Lenders as follows:

(a) No Default or Event of Default under the Credit Agreement or any other Loan Document has occurred and is continuing unwaived by the Lenders on the date hereof.

(b) The Borrower and the Subsidiary Guarantors have the power and authority to enter into this Amendment and to do all acts and things as are required or contemplated hereunder to be done, observed and performed by them.

(c) This Amendment has been duly authorized, validly executed and delivered by one or more authorized officers of the Borrower and the Subsidiary Guarantors and constitutes the legal, valid and binding obligations of the Borrower and the Subsidiary Guarantors enforceable against them in accordance with its terms, provided that such enforceability is subject to general principles of equity.

(d) The execution and delivery of this Amendment and the performance by the Borrower and the Subsidiary Guarantors hereunder does not and will not, as a condition to such execution, delivery and performance, require the consent or approval of any regulatory authority or governmental authority or agency having jurisdiction over the Borrower, or any Subsidiary Guarantor, nor be in contravention of or in conflict with the articles of incorporation, bylaws or other organizational documents of the Borrower, or any Subsidiary Guarantor or the provision of any statute, or any judgment, order or indenture, instrument, agreement or undertaking, to which the Borrower, or any Subsidiary Guarantor is party or by which the assets or properties of the Borrower or the Subsidiary Guarantors are or may become bound.

(e) The Collateral Agreement continues to create a valid security interest in, and Lien upon, the Collateral, in favor of the Administrative Agent, for the benefit of the Lenders, which security interests and Liens are perfected in accordance with the terms of the Collateral Agreement and prior to all Liens other than Liens permitted under Section 10.2 of the Credit Agreement.

SECTION 7. Counterparts; Governing Law. This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement. This Amendment shall be construed in accordance with and governed by the laws of the State of North Carolina.

SECTION 8. Effective Date. This Amendment shall be effective as of September 21, 2009 (such date, the "Third Amendment Effective Date").

SECTION 9. Expenses. The Borrower and the Subsidiary Guarantors agree to pay all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Administrative Agent's legal counsel.

SECTION 10. Further Assurances. The Loan Parties agree to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

SECTION 11. Consent by Subsidiary Guarantors. The Subsidiary Guarantors consent to the foregoing waiver and amendments. The Subsidiary Guarantors promise and agree to perform all of the requirements, conditions, agreements and obligations under the terms of the Subsidiary Guaranty Agreement, said Subsidiary Guaranty Agreement being hereby ratified and affirmed in all respects. The Subsidiary Guarantors hereby expressly agree that the Subsidiary Guaranty Agreement is in full force and effect.

SECTION 12. Amendment Fee. The Borrower and the Subsidiary Guarantors shall pay to the Administrative Agent for the account of each Lender an amendment fee (the "Amendment Fee") in an amount equal to 0.10% of the Aggregate Commitment (as determined after giving effect to this Amendment), which Amendment Fee shall be fully earned and due and payable on the date of this Amendment.

SECTION 13. Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 14. Waiver of Claims or Defenses. The Borrower and the Subsidiary Guarantors represent that none of them has any set-offs, defenses, recoupments, offsets, counterclaims or other causes of action against the Administrative Agent or the Lenders relating to the Loan Documents and the indebtedness evidenced and secured thereby and agree that, if any such set-off, defense, counterclaim, recoupment or offset otherwise exists on the date of this Amendment, each such defense, counterclaim, recoupment, offset or cause of action is hereby waived and released forever.

SECTION 15. Release of Claims. For and in consideration of the obligations set forth herein and intending to be legally bound hereby, the Borrower and the Subsidiary Guarantors do remise, release and forever discharge the Administrative Agent and the Lenders, and their respective successors and assigns, of and from and all manner of actions, causes of actions, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands of whatsoever nature, in law, in equity or in admiralty, direct or indirect, known or unknown, matured or not matured, including for contribution and/or indemnity, that the Borrower or any Subsidiary Guarantor ever had or now has, including, without limitation, those with respect to any and all matters alleged or which could have been alleged, with respect to the Loan Documents or the making or administration of the Loans up to and including the date of this Amendment. The general release hereby entered into and executed by Borrower and the Subsidiary Guarantors is intended by Borrower and the Subsidiary Guarantors to be final, complete and total as to all matters that have arisen or occurred up to and including the date of this Amendment.

SECTION 16. Entire Agreement. This Amendment contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein. This Amendment supersedes all prior drafts and communications with respect hereto.

*[Remainder of this page intentionally left blank]*

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IN WITNESS WHEREOF, the parties hereto have executed and delivered, or have caused their respective duly authorized officers or representatives to execute and deliver, this Amendment as of the day and year first above written.

[CORPORATE SEAL] COMPX INTERNATIONAL INC.

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CORPORATE SEAL] COMPX SECURITY PRODUCTS INC.

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CORPORATE SEAL] COMPX PRECISION SLIDES INC.

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CORPORATE SEAL] COMPX MARINE INC.

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CORPORATE SEAL] CUSTOM MARINE INC.

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CORPORATE SEAL] LIVORSI MARINE, INC.

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ADMINISTRATIVE AGENT AND LENDERS:

WACHOVIA BANK, NATIONAL ASSOCIATION,  
as Administrative Agent and as a Lender

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature pages continued on the following page]

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as Lender

COMERICA BANK,

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Remainder of this page intentionally left blank]

## FIRST AMENDMENT TO SUBORDINATION AGREEMENT

THIS FIRST AMENDMENT TO SUBORDINATION AGREEMENT (this "Amendment") is made as of this 21st day of September, 2009 by TIMET FINANCE MANAGEMENT COMPANY, a Delaware corporation (the "Subordinate Lender") and WACHOVIA BANK, NATIONAL ASSOCIATION, as administrative agent (in such capacity, together with any successor agent, the "Administrative Agent") for the benefit of the Lenders (including, without limitation, the Issuing Lender, the Swing Line Lender and the Alternative Currency Lender) (all as defined in the Credit Agreement referenced below). Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Subordination Agreement referred to below.

### Recitals:

A. CompX International Inc., a Delaware corporation (the "Borrower"), CompX Security Products Inc., CompX Precision Slides Inc., CompX Marine Inc., Custom Marine Inc. (f/k/a Custom Marine Acquisition, Inc.) and Livorsi Marine, Inc. (collectively, the "Guarantors"), the Administrative Agent and the Lenders have entered into a certain Credit Agreement dated as of December 23, 2005, as amended by that First Amendment to Credit Agreement dated October 16, 2007, the Second Amendment to Credit Agreement dated January 15, 2009 and the Third Amendment to Credit Agreement dated the date hereof (the "Third Amendment") (the "Credit Agreement," which term shall include all amendments and modifications thereto).

B. Pursuant to the terms of the Credit Agreement, the Subordinate Lender and the Administrative Agent (for the benefit of the Lenders) entered into that certain Subordination Agreement dated as of October 16, 2007 (the "Subordination Agreement") as a condition to the consent of the Required Lenders to Subordinate Lender making a term loan to the Borrower evidenced by the Subordinate Note.

C. The Borrower and the Guarantors have requested certain amendments to the Credit Agreement, as more specifically set forth in the Third Amendment, and as a condition to the effectiveness of the Third Amendment, the Required Lenders have required, among other things, the execution of this Amendment by the Subordinate Lender and the modification of certain provisions of the Subordinate Note on terms and conditions satisfactory to the Required Lenders (the "Subordinate Note Modification").

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Subordinate Lender hereby agrees with the Administrative Agent (for the benefit of the Lenders) as follows:

1. *Amount of Subordinated Debt and Recitals.* The Subordinate Lender represents, warrants and covenants that (a) the outstanding principal amount of the Subordinated Debt on the date of this Amendment is, and shall not at any time after the date of this Amendment exceed, \$42,230,190; (b) the above Recitals are true, accurate, and correct and are incorporated in this Agreement by reference; (c) the Subordinate Lender is the lawful owner of the Subordinated Debt, free and clear of all liens, assignments, security interests and other encumbrances; (d) the Subordinate Lender has not previously subordinated the Subordinated Debt (other than pursuant to the Subordination Agreement), (e) a true, correct and complete copy of the Subordinate Note Modification is attached hereto as Exhibit A and such Subordinate Note Modification shall be in full force and effect concurrently with the execution and delivery of this Amendment by the parties hereto, (f) it has the power and authority to enter into and deliver this Amendment and to do all acts and things as are required or contemplated hereunder to be done, observed and performed by the Subordination Agreement as hereby amended, (g) this Amendment has been duly authorized, validly executed and delivered by an authorized officer and the Subordination Agreement as hereby amended constitutes the legal, valid and binding obligation of the Subordinate Lender enforceable against it in accordance with its terms, subject to general principles of equity and (h) Subordinate Lender's execution and delivery of this Amendment, and performance of the Subordination Agreement as amended hereby, have not resulted and will not result in a breach or violation of any provision of (i) its organizational documents, (ii) any statute, law, writ, order, rule or regulation of any Governmental Authority applicable to Subordinate Lender, (iii) any judgment, injunction, decree or determination of any Governmental Authority applicable to Subordinate Lender or (iv) any contract, indenture, mortgage, loan agreement, note, lease or other agreement, document or instrument to which Subordinate Lender is a party or by which Subordinate Lender is bound.

2. Paragraph 2 of the Subordination Agreement is hereby amended and restated in its entirety to read as follows:

" 2. *Subordination to Senior Obligations.* The Subordinate Lender hereby subordinates and postpones the payment and the time of payment of the Subordinated Debt to and in favor of the payment and the time of payment of the Senior Obligations. So long as all or any part of the Senior Obligations remain unpaid, the Subordinate Lender shall not, without the prior written consent of the Required Lenders, ask, demand, sue for, set off, accept, or receive any payment of all or any part of the Subordinated Debt; provided, that, so long as no Default or Event of Default (as such terms are defined in the Credit Agreement) is in existence or would arise as a result of the making of such payment: (i) on and after January 1, 2011, the Borrower may make regularly scheduled payments of principal and accrued interest on the Subordinated Debt as set forth in the Subordinate Note and (ii) the Borrower, at Borrower's sole option, may make payments or prepayments on or in respect of the Subordinated Debt in an amount not to exceed the Permitted Distribution Amount less the sum of (x) Restricted Payments made pursuant to clause (c) of Section 10.6 of the Credit Agreement and (y) all other payments by Borrower pursuant to clause (ii) of the proviso of Section 10.10(b) of the Credit Agreement; provided that the chief financial officer, the controller or the treasurer of the Borrower shall have certified to the Administrative Agent and the Subordinate Lender as to compliance with the preceding clause. The Subordinate Lender agrees not to subordinate, grant a security interest or lien on, assign, or transfer all or any part of the Subordinated Debt to any other person without the prior written consent of the Required Lenders. Subordinate Lender will not, without the prior written consent of the Required Lenders: (a) commence, or join with any other creditor in commencing, any bankruptcy, reorganization, insolvency or similar proceedings with respect to Borrower or any Guarantor; or (b) extend, amend, modify or renew any of the Borrower's obligations under the Subordinated Debt or the documents evidencing or executed or delivered in connection with the Subordinated Debt (other than to reduce the interest rate (including any default rate) or any fees applicable to or payable in respect of such Subordinated Debt so long as no Default or Event of Default is in existence or would arise as a result of such amendment or modification), or (c) release any surety or security for such obligations or obtain collateral security or exercise any other right under the Subordinated Debt, or the documents evidencing or executed or delivered in connection with the Subordinated Debt."

3. Upon the effectiveness of this Amendment and the Subordinate Note Modification, (i) each reference to "Subordinate Note" in the Subordination Agreement, and in any document, instrument or agreement executed and/or delivered in connection with the Subordination Agreement, shall mean and be a reference to the Subordinate Note as amended or otherwise modified by the Subordinate Note Modification and (ii) each reference to "Subordinated Debt" shall mean all past, present, and future indebtedness, liabilities, and obligations of any nature whatsoever of the Borrower to the Subordinate Lender, including, without limitation, any and all indebtedness, liabilities, and obligations of the Borrower to the Subordinate Lender evidenced by such Subordinate Note.

4. *No Other Amendment.* Except for the amendments expressly set forth herein, the Subordination Agreement shall remain unchanged and in full force and effect. The Subordination Agreement and this Amendment shall be construed together as a single agreement. Nothing herein contained shall waive, annul, vary or affect any provision, condition, covenant or agreement contained in the Subordination Agreement, except as specifically herein amended, nor affect nor impair any rights, powers or remedies of any party under the Subordination Agreement, as hereby amended.

5. *Miscellaneous.* This Amendment shall not be affected, impaired, or released by the delay or failure of the Administrative Agent or any of the Lenders to exercise any of their respective rights and remedies against the Borrower or any Guarantor or under any of the Loan Documents or against any collateral or security for the Senior Obligations. No delay or failure on the part of the Administrative Agent or any of the Lenders to exercise any of their respective rights or remedies hereunder or under the Subordination Agreement (as amended by this Amendment) or now or hereafter existing at law or in equity or by statute or otherwise, or any partial or single exercise thereof, shall constitute a waiver thereof. All such rights and remedies are cumulative and may be exercised singly or concurrently and the exercise of any one or more of them will not be a waiver of any other. No waiver of any of its rights and remedies hereunder and no modification or amendment of this Amendment shall be deemed to be made by the Administrative Agent and Lenders unless the same shall be in writing, duly signed by the Administrative Agent on behalf of the Lenders, and each such waiver, if any, shall apply only with respect to the specific instance involved and shall in no way impair the rights and remedies of the Administrative Agent and Lenders hereunder in any other respect at any other time. If any term of this Amendment or any obligation thereunder shall be held to be invalid, illegal, or unenforceable, the remainder of this Amendment and any other application of such term shall not be affected thereby. This Amendment may be executed in duplicate originals or in several counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument, and it shall not be necessary in making proof hereof to produce or account for more than one such duplicate, original, or counterpart. This Amendment shall be binding upon the heirs, personal representatives, successors, and assigns of the Subordinate Lender and shall inure to the benefit of the successors and assigns of the Administrative Agent and Lenders. As used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders, as the context may require, and the term "person" shall include an individual, a corporation, an association, a partnership, a trust, and an organization. The paragraph headings of this Amendment are for convenience only and shall not limit or otherwise affect any of the terms hereof. This Amendment shall be governed by and construed in accordance with the laws of the State of North Carolina and shall be deemed to be executed, delivered, and accepted in the State of North Carolina.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the Subordinate Lender has caused this Amendment to be signed, sealed, and delivered on the day and year first written above.

**SUBORDINATE LENDER:**

TIMET FINANCE MANAGEMENT COMPANY,  
a Delaware corporation

[CORPORATE SEAL}

By: \_\_\_\_\_ (SEAL)

Name: Joan Yori

Title: President

[ADDITIONAL SIGNATURE PAGES FOLLOW]

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The Borrower and the Guarantors join in the execution of this Amendment so as to signify their acceptance of and agreement and consent to the provisions of this Amendment and the Agreement, as amended by this Amendment.

**BORROWER:**

COMPX INTERNATIONAL INC.,  
a Delaware corporation

[CORPORATE SEAL}

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GUARANTORS:**

COMPX SECURITY PRODUCTS INC.

[CORPORATE SEAL}

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

COMPX PRECISION SLIDES INC.

[CORPORATE SEAL}

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

COMPX MARINE INC.

[CORPORATE SEAL}

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CUSTOM MARINE INC.

[CORPORATE SEAL}

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LIVORSI MARINE, INC.

[CORPORATE SEAL}

By: \_\_\_\_\_ (SEAL)  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACCEPTED BY:

**ADMINISTRATIVE AGENT:**

WACHOVIA BANK, NATIONAL ASSOCIATION,  
a national banking association

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**AMENDED AND RESTATED  
SUBORDINATED TERM LOAN PROMISSORY NOTE**

**\$42,230,190.00**  
**September 21, 2009**

For and in consideration of value received, the undersigned, **COMPX INTERNATIONAL INC.**, a corporation duly organized under the laws of Delaware ("*Maker*"), promises to pay to the order of **TIMET FINANCE MANAGEMENT COMPANY**, a corporation duly organized under the laws of Delaware ("*Payee*"), at its address 1007 Orange Street, Suite 1414, Wilmington, Delaware 19801, in lawful money of the United States of America, the principal sum of Forty-Two Million Two Hundred Thirty Thousand One Hundred and Ninety United States Dollars (\$42,230,190.00) together with interest from the date hereof on the amount of principal from time to time outstanding at a rate equal to the three month United States LIBOR rate as quoted from time to time by The Wall Street Journal or other reliable source, plus one percent (1.00%) per annum. Simple interest shall be calculated on the basis of a year of 365/366 days and for the actual number of days (including the first, but excluding the last day) elapsed and shall be paid in arrears quarterly on the last day of each March, June, September and December, commencing March 31, 2011.

This Note amends and restates the Subordinated Term Loan Promissory Note dated October 26, 2007 in the original principal amount of \$52,580,190.00 executed by Maker and payable to the order of Payee (the "*Prior Note*"). This Note shall operate to renew, amend and modify the rights and obligations of the parties under the Prior Note, as provided herein, but shall not extinguish the obligations under the Prior Note, nor effect a novation thereof. As of the date of this Note, Maker owes Payee under the Prior Note an unpaid principal amount of \$42,230,190.00 and accrued and unpaid interest on this principal amount of \$152,448.09, which shall become the unpaid principal and accrued and unpaid interest thereon of this Note as of the date of this Note.

Principal payments of \$250,000 will be due and payable quarterly on the last day of each March, June, September and December commencing March 31, 2011, with any and all remaining outstanding principal and any accrued unpaid interest due on September 30, 2014 (the "*Maturity Date*"). Maker shall designate any payments on this Note as applying to either accrued and unpaid interest, to accrued interest not yet payable, or to principal against the scheduled principal payments from earliest to latest. Maker may prepay principal or interest at any time without penalty. In the event that principal or interest is not paid within five days of when due or declared due, interest shall thereafter accrue on the full amount of such payment at the rate of United States LIBOR plus three percent (3%) per annum.

Notice of written demand for payment shall be made by Payee to Maker by certified mail, postage prepaid and return receipt requested to Maker's address as set forth under its signature below. The demand for payment or any other communication shall be deemed given and effective as of the date of delivery or upon receipt as set forth on the return receipt.

Upon the occurrence and during the continuation of an Event of Default (as defined below), Payee shall have all of the rights and remedies provided in the applicable Uniform Commercial Code, this Note or any other agreement between Maker and in favor of Payee, as well as those rights and remedies provided by any other applicable law, rule or regulation. In conjunction with and in addition to the foregoing rights and remedies of Payee, Payee may declare all indebtedness due under this Note, although otherwise unmaturing, to be due and payable immediately without notice or demand whatsoever. All rights and remedies of the holder are cumulative and may be exercised singly or concurrently. The exercise of any right or remedy will not be a waiver of any other right or remedy.

For purposes of this Note, an Event of Default shall mean any one of the following events:

- (a) Maker fails to pay principal payments when due, or Maker fails to make interest payments within 30 days of becoming due;
- (b) Maker otherwise fails to perform or observe any other provision contained in this Note and such breach or failure to perform shall continue for a period of thirty days after notice thereof shall have been given to Makers by the holder hereof;
- (c) Maker defaults under any loan, extension of credit, security agreement, or any other agreement, in favor of any other creditor or person that may materially affect Maker's ability to repay this Note or perform Maker's obligations under this Note; or
- (d) Maker becomes insolvent, a receiver is appointed for any part of Maker's property, Maker makes an assignment for the benefit of creditors, or any proceeding is commenced either by Maker or against Maker under any bankruptcy or insolvency laws.

In the event Payee incurs costs in collecting on this Note, this Note is placed in the hands of any attorney for collection, suit is filed on this Note or if proceedings are had in bankruptcy, receivership, reorganization, or other legal or judicial proceedings for the collection of this Note, Maker agrees to pay on demand to Payee all expenses and costs of collection, including, but not limited to, reasonable attorneys' fees incurred in connection with any such collection, suit, or proceeding, in addition to the principal and interest then due.

It is agreed that time is of the essence on this Note. The failure of the holder of this Note to exercise any remedy shall not constitute a waiver on the part of the holder of the right to exercise any remedy at any other time. It is the intention of Maker and Payee to conform strictly to applicable usury laws, if any. Accordingly, notwithstanding anything to the contrary in this Note or any other agreement entered into in connection herewith, it is agreed as follows: (i) the aggregate of all interest and any other charges constituting interest under applicable law and contracted for, chargeable or receivable under this Note or otherwise in connection with the obligation evidenced hereby shall under no circumstances exceed the maximum amount of interest permitted by applicable law, if any, and any excess shall be deemed a mistake and canceled automatically and, if theretofore paid, shall, at the option of Payee, be refunded to Maker or credited on the principal amount of this Note; and (ii) in the event that the entire unpaid balance of this Note is declared due and payable by Payee, then earned interest may never include more than the maximum amount permitted by applicable law, if any, and any unearned interest shall be canceled automatically and, if theretofore paid, shall at the option of Payee, either be refunded to Maker or credited on the principal amount of this Note.

Maker expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intention to accelerate, notice of acceleration, bringing of suit and diligence in taking any action to collect amounts called for hereunder and is and shall be liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or public holiday under the laws of Delaware, United States of America, on which banks are not open for business, such payment shall be made on the next succeeding business day in which banks are open for business.

Pursuant to the terms of that certain Subordination Agreement dated October 16, 2007, executed by the Payee, the Maker and certain subsidiaries of the Maker, the indebtedness evidenced by this Note is subordinate and junior in right of payment to all principal, interest, charges, expenses and attorneys' fees arising out of or relating to all indebtedness, liabilities and obligations of Maker arising under that certain Credit Agreement dated December 23, 2005, as such Credit Agreement has been amended and may be further amended, restated, supplemented or otherwise modified from time to time, and the related Loan Documents (as defined in such Credit Agreement) (the "*Superior Debt*"). Superior Debt shall continue to be Superior Debt and entitled to the benefits of these subordination provisions irrespective of any amendment, modification, or waiver of any term of the Superior Debt or extension or renewal of the Superior Debt.

This Note shall be governed by and construed in accordance with the domestic laws of the state of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the state of Delaware.

Executed by Payee as of the Day and Year First Written  
Above in Order to Evidence its Agreement to the terms of this note.

**TIMET Finance Management Company.**

By:

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*Joan Yori, President*

**MAKER:**

**CompX International Inc.**

By:

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*Darryl R. Halbert, Vice President,  
Chief Financial Officer an Controller*