

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

STURM RUGER & CO INC
Form DEF 14A
March 27, 2014

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant
]

Check the appropriate box:

- | | | | |
|-------------------------------------|---------------------------------------------------------------------------------------|--------------------------|---------------------------------------|
| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Soliciting Material Under Rule 14a-12 |
| <input type="checkbox"/> | Confidential, For Use of the
Commission Only (as permitted
by Rule 14a-6(e)(2)) | | |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement | | |
| <input type="checkbox"/> | Definitive Additional Materials | | |

Sturm, Ruger & Company, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- | | |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | No fee required. |
| <input type="checkbox"/> | Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11. |
| | 1) Title of each class of securities to which transaction applies: |
| | 2) Aggregate number of securities to which transaction applies: |
| | 3) Per unit price or other underlying value of transaction computed pursuant to
Exchange Act Rule 0-11 (set forth the amount on which the filing fee is
calculated and state how it was determined): |
| | 4) Proposed maximum aggregate value of transaction: |
| | 5) Total fee paid: |
| <input type="checkbox"/> | Fee paid previously with preliminary materials: |
| <input type="checkbox"/> | Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which
the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or
schedule and the date of its filing. |
| | 1) Amount previously paid: |
| | 2) Form, Schedule or Registration Statement No.: |

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

- 3) Filing Party:
 - 4) Date Filed:
-

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

March 27, 2014

Dear Fellow Stockholders:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders of Sturm, Ruger & Company, Inc. to be held at 9:00 a.m. Eastern Daylight Time on May 6, 2014 at The Trumbull Marriott, 180 Hawley Lane, Trumbull, CT 06611. Details of the business to be conducted at the meeting are given in the attached Notice of Annual Meeting and Proxy Statement.

The Board of Directors looks forward to joining you at the 2014 Annual Meeting.

STURM, RUGER & COMPANY, INC.

Michael O. Fifer
Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

MAY 6, 2014

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of Stockholders of **STURM, RUGER & COMPANY, INC.** (the Company) will be held at The Trumbull Marriott, 180 Hawley Lane, Trumbull, CT 06611 on the 6th day of May, 2014 at 9:00 a.m. Eastern Daylight Time to consider and act upon the following:

1. A proposal to elect six (6) Directors to serve on the Board of Directors for the ensuing year;
2. A proposal to ratify the appointment of McGladrey LLP as the Company s independent auditors for the 2014 fiscal year;
3. An advisory vote on the compensation of the Company s Named Executive Officers; and
4. Any other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only holders of record of Common Stock at the close of business on March 17, 2014 will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. The complete list of stockholders entitled to vote at the Annual Meeting shall be open to the examination of any stockholder, for any purpose germane to the Annual Meeting, during ordinary business hours, for a period of 10 days prior to the Annual Meeting, at the Company s offices located at One Lacey Place, Southport, CT 06890.

The Company s Proxy Statement is attached hereto.

By Order of the Board of Directors
Leslie M. Gasper
Corporate Secretary

Southport, Connecticut
March 27, 2014

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. YOUR VOTE IS IMPORTANT. TO ENSURE THAT YOUR VOTE IS RECORDED PROMPTLY, PLEASE VOTE YOUR PROXY AS SOON AS POSSIBLE, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING. MOST SHAREHOLDERS HAVE THREE OPTIONS FOR SUBMITTING THEIR VOTES PRIOR TO THE ANNUAL MEETING: (1) VIA THE INTERNET, (2) BY TELEPHONE OR (3) BY REQUESTING AND RETURNING A PAPER PROXY USING THE POSTAGE-PAID ENVELOPE PROVIDED. REGISTERED STOCKHOLDERS MAY VIEW OR REQUEST THE PROXY MATERIALS AT WWW.ENVISIONREPORTS.COM/RGR OR BY CALLING 1-866-641-4276, AND MAY VOTE THEIR PROXY AT WWW.ENVISIONREPORTS.COM/RGR OR BY CALLING 1-800-652-8683. STOCKHOLDERS WHO HOLD THEIR SHARES THROUGH A BROKERAGE ACCOUNT MAY VIEW OR REQUEST THE PROXY MATERIALS AT WWW.PROXYVOTE.COM OR BY CALLING 1-800-579-1639, AND MAY VOTE THEIR PROXY AT WWW.PROXYVOTE.COM OR BY CALLING 1-800-454-8683. PLEASE REVIEW THE PROXY MATERIALS BEFORE VOTING YOUR SHARES.

Table of Contents

	Page
Proxy Solicitation And Voting Information	1
List Of Proposals And Recommendations Of The Board Of Directors	2
Proposal No. 1 Election Of Directors	2
Proposal No. 2 - Ratification Of Independent Auditors	2
Proposal No. 3 Say On Pay	2
Proposal No. 1 Election Of Directors	3
Director Nominees	3
The Board Of Directors And Its Committees	6
Corporate Governance Guidelines And Code Of Business Conducts And Ethics	6
The Board's Role In Risk Oversight	6
Independent, Non-Management Directors	6
Board Leadership Structure	6
Director Resignation Policy	7
Membership And Meetings Of The Board And Its Committees	7
Membership And Meetings Of The Board And Its Committees Table For Year 2013	7
Committees Of The Board	8
Audit Committee	8
Report Of The Audit Committee	9
Compensation Committee	10
Report Of The Compensation Committee	10
Nominating And Corporate Governance Committee	11
Risk Oversight Committee	12
Director Compensation	13
Directors' Fees And Other Compensation	13
Directors' Compensation Table For Year 2013	14
Beneficial Ownership Of Directors And Management Table	15
Section 16(A) Beneficial Ownership Reporting Compliance	16
Certain Relationships And Related-Party Transactions	16
Principal Stockholders	16
Proposal No. 2 - Ratification Of Independent Auditors	17
Principal Accountants' Fees And Services	17
Proposal No. 3 Advisory Vote On Compensation Of Named Executive Officers	18
Compensation Discussion And Analysis	19
How Did The Company Perform In 2013 And How Did We Compensate Our Executives?	19
What Is The Company's Philosophy And Objectives Regarding Compensation?	20
What Are The Elements Of The Company's Executive Remuneration And The Objectives Of Each?	21

Table of Contents

(continued)

	Page
How Does The Company Determine The Amount/Formula For Each Element?	21
How Are Salaries Determined?	22
How Are Profit Sharing And Bonuses Determined?	23
How Are Equity Compensation Awards Determined?	24
What Are The Company's Health, Welfare And Retirement Benefits?	25
Does The Company Provide Perquisites?	25
How Is The Chief Executive Officer's Performance Evaluated And Compensation Determined?	25
What Are The Company's Governance Practices Regarding Compensation?	27
What Are The Company's Governance Practices Regarding Stock Awards?	27
How Does The Compensation Committee Utilize Independent Consultants?	27
How Does The Company Evaluate Its Compensation Program Risks?	28
Executive Compensation	29
Target Compensation Table	29
2013 Summary Compensation Table	30
Summary All Other Compensation Table	31
Grants Of Plan Based Awards Table	32
Outstanding Equity Awards At Fiscal Year End 2013 Table	33
Option Exercises And Stock Vested In 2013 Table	34
Potential Payments Upon Termination Or Change In Control	35
Payments On Change In Control	35
Covered Terminations And Severance Payments Pursuant To Change In Control Agreements	35
Change In Control Events And Severance Benefits Not Covered By The Severance Agreements	35
Change In Control Definition	35
Termination By Death Or Disability	36
Termination By Retirement	36
Voluntary And Involuntary Termination	36
Retention And Transition Agreements	36
Potential And Actual Payments Under Severance Agreements Table	37
Pension Plans	38
2013 Pension Benefits Table	39
Stockholder Proposals And Director Nominations For 2015	40
Stockholder And Interested Party Communications With The Board Of Directors	40
Other Matters	41

March 27, 2014

PROXY STATEMENT

Annual Meeting of Stockholders of the Company to be held on May 6, 2014

PROXY SOLICITATION AND VOTING INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Sturm, Ruger & Company, Inc. (the Company) for use at the 2014 Annual Meeting of Stockholders (the Meeting) of the Company to be held at 9:00 a.m. Eastern Daylight Time on May 6, 2014 at The Trumbull Marriott, 180 Hawley Lane, Trumbull, CT 06611 or at any adjournment or postponement thereof for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This Proxy Statement has been posted and is available on the Securities and Exchange Commission (the SEC) website at www.sec.gov and the Company's website at www.ruger.com. In addition, registered stockholders may view or request the proxy materials at www.envisionreports.com/RGR or by calling 1-866-641-4276, and may vote their proxy at www.envisionreports.com/RGR or by calling 1-800-652-8683. Stockholders who hold their shares through a brokerage account may view or request the proxy materials at www.proxyvote.com or by calling 1-800-579-1639, and may vote their proxy at www.proxyvote.com or by calling 1-800-454-8683. Please review the proxy materials before voting your shares.

The mailing address of the principal executive office of the Company is One Lacey Place, Southport, Connecticut 06890.

In accordance with rules established by the SEC that allow companies to furnish their proxy materials over the Internet, on March 27, 2014, we are mailing a Notice of Internet Availability of Proxy Materials instead of a paper copy of our Proxy Statement and Annual Report on Form 10-K to our stockholders who have not specified that they wish to receive paper copies of our proxy materials. The Notice of Availability of Proxy Materials also contains instructions on how to request a paper copy of our proxy materials, including our Proxy Statement, Annual Report on Form 10-K and a form of proxy card. We believe this process will allow us to provide our stockholders with the information they need in a more timely, environmentally friendly and cost-effective manner. All expenses in connection with the solicitation of these proxies, which are estimated to be \$60,000, will be borne by the Company. We encourage our stockholders to contact the Company's transfer agent, Computershare Investor Services, LLC, or their stockbroker to sign up for electronic delivery of proxy materials in order to reduce printing, mailing and environmental costs.

If your proxy is signed and returned, it will be voted in accordance with its terms. However, a stockholder of record may revoke his or her proxy before it is exercised by: (i) giving written notice to the Company's Secretary at the Company's address indicated above, (ii) duly executing a subsequent proxy relating to the same shares and delivering it to the Company's Secretary at or before the Meeting or (iii) attending the Meeting and voting in person (although attendance at the Meeting will not, in and of itself, constitute revocation of a proxy).

The Company's Annual Report on Form 10-K for the year ended December 31, 2013, including financial statements, is enclosed herewith and has been posted and is available on the SEC website at www.sec.gov and the Company's website at www.ruger.com.

Only holders of Common Stock, \$1.00 par value, of the Company (the Common Stock) of record at the close of business on March 17, 2014 will be entitled to vote at the Meeting. Each holder of record of the issued and outstanding shares of voting Common Stock is entitled to one vote per share. As of March 17, 2014, 19,398,753 shares of Common Stock were issued and outstanding and there were no outstanding shares of any other class of stock. The stockholders holding a majority of the issued and outstanding Common Stock, either present in person or represented by proxy, will constitute a quorum for the transaction of business at the Meeting.

In accordance with the Company's By-Laws and applicable law, with respect to Proposal 1, the election of Directors will be determined by a plurality of the votes cast by the holders of shares present in person or by proxy and entitled to vote. Consequently, the six nominees who receive the greatest number of votes cast for election as Directors will be elected. Shares present, which are properly withheld as to voting with respect to any one or more nominees, and shares present with respect to which a broker indicates that it does not have authority to vote (broker non-votes), will be counted as being present at the Meeting only with respect to Proposal No. 2. These shares will not be counted as voting on the election of Directors, with the result that such abstentions and broker non-votes will have no effect as votes on the election of Directors. With respect to Proposals 2 and 3, the affirmative vote of shares representing a majority of the shares present and entitled to vote is required to ratify the appointment of McGladrey LLP as the Company's independent auditors for the 2014 fiscal year, and to approve the advisory vote on executive compensation. This also applies to any other matters properly presented at the Meeting, whereby stockholder voting will indicate the relative preference among the choices presented on an advisory basis. Shares which are voted to abstain on these matters and broker non-votes will be considered present at the Meeting but will not be counted as voting for these matters, with the result that abstention and broker non-votes will have the same effect as votes against the proposal.

LIST OF PROPOSALS AND RECOMMENDATIONS OF THE BOARD OF DIRECTORS

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Six Directors will be elected at the Meeting, each to hold office until the next Annual Meeting of Stockholders or until his successor is elected and has qualified.

Board of Directors Recommendation

The Board of Directors recommends a vote **FOR** each of the named nominees.

PROPOSAL NO. 2 RATIFICATION OF INDEPENDENT AUDITORS

McGladrey LLP (formerly McGladrey & Pullen, LLP) has served as the Company's independent auditors since 2005. Subject to the ratification of the Company's stockholders, the Board of Directors has reappointed McGladrey LLP as the Company's independent auditors for the 2014 fiscal year.

Board of Directors Recommendation

The Board of Directors recommends a vote **FOR** the ratification of McGladrey LLP as the Company's independent auditors.

PROPOSAL NO. 3 SAY ON PAY

The Company shall seek an advisory vote on executive compensation.

Board of Directors Recommendation

The Board of Directors recommends a vote **FOR** approval of the pay-for-performance compensation policies and practices employed by the Compensation Committee, as described in the Compensation Discussion and Analysis and the tabular disclosure regarding Named Executive Officer compensation in this Proxy Statement.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Six Directors will be elected at the Meeting, each to hold office until the next Annual Meeting of Stockholders or until his successor is elected and has qualified.

Board of Directors Recommendation

The Board of Directors recommends a vote **FOR** each of the nominees named below.

DIRECTOR NOMINEES

The following table lists each nominee for Director and sets forth certain information concerning each nominee's age, business experience, other directorships and committee memberships in publicly-held corporations, current Board committee assignments, and qualifications to serve on the Company's Board as of the date of this Proxy Statement. In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills which led the Board to conclude that he should serve as a Director, the Board also believes that all of our Director nominees have established reputations of integrity, honesty and adherence to high ethical standards, and have demonstrated a commitment of service to the Company, an appreciation of its products and the Constitutional rights of American citizens to keep and bear arms. Each nominee has effectively demonstrated business acumen and the ability to exercise sound judgment in their individual careers and service on other public boards and board committees, as applicable.

All of the six nominees for Director listed below were elected at last year's Annual Meeting. Should any of the said nominees for Director not remain a candidate at the time of the Meeting (a condition which is not now anticipated), proxies solicited hereunder will be voted in favor of those nominees for Director selected by the Board of Directors of the Company.

Name, Age, First Became A Director	Business Experience During the Past Five Years, Other Directorships, Current Committee Memberships and Board Qualifications
<p>C. Michael Jacobi Age 72 Director since June, 2006</p>	<p>Mr. Jacobi has been the non-executive Chairman of the Board of Directors since 2010. Mr. Jacobi has been the President of Stable House 1, LLC, a private real estate development company, since 1999. Mr. Jacobi has been a member of the Board of Directors and Chairman of the Audit Committee of the Corrections Corporation of America since 2000. He has been a member of the Board of Directors of Webster Financial Corporation since 1993, served as a member of its Audit Committee from 1993 (including as Audit Committee chair from 1996 to 2011), and became a member of its Compensation Committee in 2011. He has been a member of the Board of Directors and Audit Committee of KCAP Financial Corporation since 2006. Mr. Jacobi became a member of the Board of Directors of Bauer Performance Sports and its Audit, Compensation and Corporate Governance committees in 2012. He is the former President, CEO and Board member of Katy Industries, Inc. and the former President, CEO and Board member of Timex Corporation. Mr. Jacobi is a Certified Public Accountant. Mr. Jacobi is currently the Chairman of the Board and a member of the Compensation Committee. The Board believes that Mr. Jacobi's extensive business, investment management, board experience and financial expertise qualify him to serve on the Board of Directors.</p>

Name,
Age,
First Became A
Director
John A.
Cosentino, Jr.
 Age 64
 Director since
 August, 2005

Business Experience
During the Past Five Years,
Other Directorships, Current Committee Memberships and Board Qualifications
 Mr. Cosentino has been a partner of Ironwood Manufacturing Fund, LP since 2002, a Director of Simonds Industries, Inc. since 2003, a Director of the Bilco Company since 2010, and a Director of Whitcraft LLC since 2011 and Chairman of the Board of Habco Industries LLC since 2012. He was the Chairman of North American Specialty Glass, LLC from 2005 to 2012, the Vice Chairman of Primary Steel, LLC from 2005 to 2007, a partner of Capital Resource Partners, LP from 2000 to 2001, and a Director in the following Capital Resource Partners, LP portfolio companies: Spirit Brands from 1998 to 2006, Pro Group, Inc. from 1999 to 2002, WPT, Inc. from 1998 to 2001, and Todd Combustion, Inc. from 1997 to 1999. Mr. Cosentino is the former Vice President-Operations of the Stanley Works, former President of PCI Group, Inc., Rau Fastener, LLC, and Otis Elevator-North America division of United Technologies, former Group Executive of the Danaher Corporation, and former Director of Integrated Electrical Services, Olympic Manufacturing Company, and the Wiremold Company. Mr. Cosentino is currently the Vice Chairman of the Board, Chairman of the Company's Compensation Committee and a member of the Company's Audit Committee. The Board believes that Mr. Cosentino's extensive executive management, investment management and board experience qualify him to serve on the Board of Directors.

Amir P.
Rosenthal
 Age 52
 Director since
 January, 2010

Mr. Rosenthal has been the Chief Financial Officer and Executive Vice President of Finance and Administration of Bauer Performance Sports Ltd. since 2012. From 2008 to 2011, he served as its Chief Financial Officer. From 2001 to 2008, he served in a variety of positions at Katy Industries, Inc., including Vice President, Chief Financial Officer, General Counsel and Secretary. From 1989 to 2001, Mr. Rosenthal served in a variety of positions at Timex Corporation, including Treasurer, Counsel and Senior Counsel, as well as Director and Chairman of Timex Watches Ltd. Mr. Rosenthal is currently Chairman of the Company's Risk Oversight Committee and a member of the Company's Audit Committee and Nominating and Corporate Governance Committee. The Board believes that Mr. Rosenthal's comprehensive business, legal and financial expertise qualifies him to serve on the Board of Directors.

Ronald C.
Whitaker
 Age 66
 Director since
 June, 2006

Mr. Whitaker served as the President and CEO of Hyco International from 2003 and as a member of its Board from 2001 until his retirement in July, 2011. In April of 2013, he joined the Board of Payne & Dolan, a family owned road construction business based in Wisconsin, and serves as a member of the Compensation Committee and is the Chairman of the Special Litigation Committee. Mr. Whitaker has been a Board member of Global Brass and Copper Company, Inc. since 2011, and serves as the chair of its Nominating Committee and as a member of its Audit Committee. Mr. Whitaker has been a Board member of Panghorn Corporation since 2006 and serves as the chair of its Compensation Committee. He was a member of the Board and executive committee of Strategic Distribution, Inc., and was its President and CEO from 2000 to 2003. Mr. Whitaker was the President and CEO of Johnson Outdoors from 1996 to 2000, and CEO, President and Chairman of the Board of Colt's Manufacturing Co., Inc. from 1992 to 1995. He is a former Board member of Firearms Training Systems, Group Decco, Michigan Seamless Tube, Precision Navigation, Inc., Weirton Steel Corporation and Code Alarm, and a former Trustee of the College of Wooster. Mr. Whitaker is currently the Chairman of the Nominating and Corporate Governance Committee and a member of the Company's Audit Committee and Risk Oversight Committee. The Board believes that Mr. Whitaker's significant executive, board and firearms industry experience, and his knowledge of the Company's products qualify him to serve on the Board of Directors.

<p>Name, Age, First Became A Director Phillip C. Widman Age 59 Director since January, 2010</p>	<p>Business Experience During the Past Five Years, Other Directorships, Current Committee Memberships and Board Qualifications Mr. Widman was the Senior Vice President and Chief Financial Officer of Terex Corporation from 2002 until his retirement in March 2013. He served as a Board and Nominating and Governance Committee member, and as Audit Committee chair, of Lubrizol Corp from November 2008 until September 2011. Mr. Widman was the Executive Vice President and Chief Financial Officer of Philip Services Corporation from 1998 to 2001. Mr. Widman is currently Chairman of the Company's Audit Committee and a member of the Risk Oversight Committee. The Board believes that Mr. Widman's extensive business management, board and audit committee experience, financial expertise and knowledge of shooting sports qualify him to serve on the Board of Directors.</p>
<p>Michael O. Fifer Age 56 Director since October, 2006</p>	<p>Mr. Fifer has been Chief Executive Officer of the Company since September 25, 2006, and additionally served as President of the Company from April 23, 2008 to January 1, 2014. He was the Executive Vice President and President of Engineered Products of Mueller Industries, Inc. from 2003 to 2006, President of North American Operations of Watts Industries, Inc. from 1998 to 2002, and a member of the Board of Directors and Audit, Compensation and Special Committees of Conbraco Industries from 2003 to 2006. Mr. Fifer is a member of the Board of Governors of the National Shooting Sports Foundation. The Board believes that Mr. Fifer's executive leadership and management experience and skills, including his service as the CEO and President of the Company, and his deep understanding of the Company and its products and the firearms industry qualify him to serve on the Board of Directors.</p>

Board of Directors Recommendation

The Board of Directors recommends a vote **FOR** each of the nominees named above.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors is committed to good business practice, transparency in financial reporting and the highest level of corporate governance. To that end, the Board of Directors and its Committees continually review the Company's governance policies and practices as they relate to the practices of other public companies, specialists in corporate governance, the rules and regulations of the SEC, Delaware law (the state in which the Company is incorporated) and the listing standards of the NYSE.

Corporate Board Governance Guidelines and Code of Business Conduct and Ethics

The Company's corporate governance practices are embodied in the Corporate Board Governance Guidelines. In addition, the Company has adopted a Code of Business Conduct and Ethics which governs the obligation of all employees, executive officers and Directors of the Company to conform their business conduct to be in compliance with all applicable laws and regulations, among other things. Copies of the Corporate Board Governance Guidelines and Code of Business Conduct and Ethics are posted on the Company's website at www.ruger.com and are available in print to any stockholder who requests it by contacting the Corporate Secretary as set forth in STOCKHOLDER COMMUNICATIONS below.

Political Contributions Policy

In February 2014, the Board of Directors established a Political Contributions Policy providing for the disclosure of political contributions, if any, as defined in the Political Contributions Policy, in excess of \$50,000 in the aggregate. A copy of the Political Contributions Policy is posted on the Company's website at www.ruger.com.

The Board's Role in Risk Oversight

The Board's role in the oversight of risk management includes receiving regular reports from the Risk Oversight Committee and senior management in areas of material risk to the Company, including operational, financial, legal and regulatory, strategic, reputational and industry-related risks. The Risk Oversight Committee and the full Board review and discuss these reports with the goal of overseeing the identification, management and mitigation strategies for these risks.

Independent, Non-Management Directors

More than a majority of the current Directors, including each member that serves on any committee of the Board, are independent under the rules of the New York Stock Exchange, Inc. (NYSE). The Board has affirmatively determined that none of Messrs. Cosentino, Jacobi, Rosenthal, Service, Whitaker and Widman has or had a material relationship with the Company or any affiliate of the Company, either directly or indirectly, as a partner, shareholder or officer of an organization (including a charitable organization) that has a relationship with the Company, and are therefore independent for such purposes under the rules of the NYSE, including Rule 303A thereof.

The independent, non-management members of the Board meet regularly in executive sessions and each such meeting is led by the independent, non-executive Chairman of the Board, or in his absence, the independent, non-management Vice-Chairman and Lead Director. C. Michael Jacobi has served as the non-executive Chairman of the Board since April 28, 2010, and John A. Cosentino, Jr. has served as the Vice Chairman since April 28, 2010 and as the Lead Director since April 24, 2007.

Board Leadership Structure

On April 24, 2007, the By-Laws were amended to require the Chairman of the Board to be an independent, non-management Director who would preside at all meetings of the Board, including meetings of the independent, non-management Directors in executive session, which would generally occur as part of each regularly scheduled Board meeting. The separation of Chairman and Chief Executive Officer duties recognizes the difference in the two roles: the Chairman of the Board leads the Board of Directors as they provide guidance to and oversight of the CEO, while the CEO is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company. The April 24, 2007 By-Laws amendment also provided that an independent, non-management Lead Director would be named to preside at stockholder, Board and executive session meetings and to act as an intermediary between the non-management Directors and management of the Company when special circumstances exist or communication out of the ordinary course is necessary, such as the absence or disability of the non-executive Chairman of the Board. On April 28, 2010, the Board amended the By-Laws to create the position of Vice-Chairman, who assumes the duties of Lead Director as outlined above.

Director Mandatory Retirement

In February 2014, the Board of Directors established a policy whereby members of the Board are subject to mandatory retirement upon the later of their 75th birthday or February 11, 2019, if age 70 or older on the date the policy was adopted.

Director Resignation Policy

In 2008 the Board of Directors established a policy whereby any Director who experiences a change in employment must submit his or her resignation to the Board for its consideration.

Membership and Meetings of the Board and Its Committees

In 2013, the members of the Board were C. Michael Jacobi, John A. Cosentino, Jr., James E. Service, Amir P. Rosenthal, Ronald C. Whitaker, Phillip C. Widman and Michael O. Fifer. James E. Service, a Company Director since 1992, has announced his intention to retire and will not stand for reelection at the 2014 Annual Meeting of Stockholders.

The Board of Directors held six meetings during 2013. Each Director attended at least 75% of the meetings of the Board and of the Committees on which they served during their 2013 tenure. In addition, all members of the Company's Board attended the 2013 Annual Meeting of Stockholders. John A. Cosentino, Jr. and James E. Service attended the Annual Meeting telephonically with the prior permission of the Chairman. It is the policy of the Company that attendance at all meetings of the Board, all Committee meetings, and the Annual Meeting of Stockholders is expected, unless the Director has previously been excused by the Chairman of the Board for good cause. Committee memberships and the number of meetings of the full Board and its Committees held during the fiscal year 2013 are set forth in the table below. When feasible and appropriate, it is the practice of the Board to hold its regular Committee meetings in conjunction with the regular meetings of the Board of Directors.

Each Committee is governed by a written charter that has been adopted by the Board. A copy of each Committee's charter is posted on the Company's website at www.ruger.com, and is available in print to any stockholder who requests it by contacting the Corporate Secretary as set forth in STOCKHOLDER COMMUNICATIONS below.

**MEMBERSHIP AND MEETINGS OF THE BOARD AND ITS COMMITTEES TABLE
FOR YEAR 2013**

Name	Board of Directors	Audit Committee	Compensation Committee	Nominating and Corporate	
				Governance Committee	Risk Oversight Committee
C. Michael Jacobi	Chairman		Member		
John A. Cosentino, Jr.	Vice Chairman	Member	Chair		
James E. Service	Chairman Emeritus		Member	Member	
Amir P. Rosenthal	Member	Member		Member	Chair
Ronald C. Whitaker	Member	Member		Chair	Member
Phillip C. Widman	Member	Chair			Member
Michael O. Fifer	Member				
Total Number of Meetings	6	4	6	2	4

COMMITTEES OF THE BOARD

Audit Committee

In 2013, the members of the Audit Committee of the Board were Phillip C. Widman, John A. Cosentino, Jr., Amir P. Rosenthal and Ronald C. Whitaker. Mr. Widman serves as Chairman of the Audit Committee. All members of the Audit Committee are considered independent for purposes of service on the Audit Committee under the rules of the NYSE, including Rule 303A thereof, and Rule 10A-3 of the Securities and Exchange Act of 1934, as amended (the Exchange Act). All members of the Audit Committee are financially literate and have a working familiarity with basic finance and accounting practices. In addition, the Company has determined that each of Messrs. Cosentino, Rosenthal, Whitaker and Widman are audit committee financial experts as defined by the SEC rules and regulations.

The purpose of the Audit Committee is to provide assistance to the Board in fulfilling its responsibility with respect to its oversight of: (i) the quality and integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; and (iv) the performance of the Company's internal audit function and independent auditors. In addition, the Audit Committee prepares the report required by the SEC rules included in this Proxy Statement.

The Audit Committee held four meetings during 2013. All members of the Audit Committee attended all meetings of the committee during their 2013 tenure. The Annual Report of the Audit Committee is included in this Proxy Statement.

Report of the Audit Committee*

Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Annual Report with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

McGladrey LLP (formerly known as McGladrey & Pullen, LLP) is the independent registered public accounting firm appointed by the Company, and ratified by the Company's stockholders on April 30, 2013, to serve as the Company's independent auditors for the 2013 fiscal year. The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the committee by PCAOB Auditing Standard 16 (Communication with Audit Committees). In addition, the Committee has discussed with the independent auditors the auditors' independence from management and the Company, and has received the written disclosures and the letter from the independent auditors as required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence* and McGladrey LLP's letter regarding their internal controls as required by NYSE Rule 303A.07. The Audit Committee also has considered whether McGladrey LLP's provision of non-audit services to the Company is compatible with the independent public accounting firm's independence.

The Committee discussed with the independent auditors the overall scope and plans for their audit. The committee met with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Committee held four meetings during fiscal year 2013.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2013 for filing with the Securities and Exchange Commission.

The Audit Committee's responsibility is to monitor and oversee the audit and financial reporting processes. However, the members of the Audit Committee are not practicing certified public accountants or professional auditors and rely, without independent verification, on the information provided to them and on the representations made by management, and the report issued by the independent registered public accounting firm.

AUDIT COMMITTEE

Phillip C. Widman, Chairman
John A. Cosentino, Jr.
Amir P. Rosenthal
Ronald C. Whitaker

February 21, 2014

*

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

The report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under either the Securities Act of 1933, as amended, or the Exchange Act (together, the Acts), except to the extent that the Company specifically incorporates such report by reference; and further, such report shall not otherwise be deemed to be soliciting material or filed under the Acts.

Compensation Committee

In 2013, the members of the Compensation Committee of the Board were John A. Cosentino, Jr., C. Michael Jacobi, and James E. Service. Mr. Cosentino serves as Chairman of the Compensation Committee. All members of the Compensation Committee are considered independent for purposes of service on the Compensation Committee under the rules of the NYSE, including Rule 303A thereof.

The purposes of the Compensation Committee are: (i) discharging the responsibilities of the Board with respect to the compensation of the Chief Executive Officer of the Company, the other executive officers of the Company and members of the Board; (ii) establishing and administering the Company's cash-based and equity-based incentive programs; and (iii) producing an annual report on executive compensation to be included in the Company's annual Proxy Statement, in accordance with the rules and regulations of the NYSE and the SEC, and any other applicable rules or regulations. The Compensation Committee has the authority to form and delegate authority to one or more subcommittees, made up of one or more of its members, as it deems appropriate from time to time.

On February 11, 2013, the Board of Directors amended the Compensation Committee charter to incorporate recent SEC and NYSE standards requiring the Committee's review of the independence of any outside compensation consultants and advisors retained by the Committee using the specific criteria set under the guidelines.

The Compensation Committee held six meetings during 2013. All members of the Compensation Committee attended at least 75% of all meetings of the committee during their tenure. The annual Compensation Committee Report on Executive Compensation is included in this Proxy Statement.

Compensation Committee Interlocks and Insider Participation

During the 2013 fiscal year, none of the Company's executive officers served on the board of directors of any entities whose directors or officers serve on the Company's Compensation Committee. No current or past executive officers of the Company serve on the Compensation Committee.

Compensation Committee Consultant Independence

In accordance with the requirements of the SEC and NYSE, the Compensation Committee has reviewed the independence of Towers Watson, an outside consultant retained during 2013 to evaluate the compensation of the Company's Named Executive Officers, and has determined that Towers Watson meets the independence criteria established under Item 407(e)(3)(iv) of Regulation S-K. See "How Does the Compensation Committee Utilize Independent Consultants" below.

Compensation Committee Report on Executive Compensation*

The Committee has reviewed and discussed with management the Compensation Discussion and Analysis. In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE

John A. Cosentino, Jr., Chairman
C. Michael Jacobi
James E. Service

March 21, 2014

* The report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing of the Acts, except to the extent that the Company specifically incorporates such report by reference; and further, such report shall not otherwise be deemed to be soliciting material or filed under the Acts.

Nominating and Corporate Governance Committee

In 2013, the members of the Nominating and Corporate Governance Committee of the Board were Ronald C. Whitaker, Amir P. Rosenthal and James E. Service. Mr. Whitaker serves as Chairman of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee is responsible to the Board for identifying, vetting and nominating potential Directors and establishing, maintaining and supervising the corporate governance program. Some of these responsibilities are discussed in more detail below.

The Nominating and Corporate Governance Committee held two meetings during 2013. All members of the Committee attended all meetings of that committee during their 2013 tenure.

As required under its charter, the Nominating and Corporate Governance Committee has adopted criteria for the selection of new Directors, including, among other things, career specialization, technical skills, strength of character, independent thought, practical wisdom, mature judgment and cultural, gender and ethnic diversity. The Committee considers it important for Directors to have experience serving as a chief executive or financial officer (or another, similar position) in finance, audit, manufacturing, advertising, military or government, and to have knowledge and familiarity of firearms and the firearms industry. The Committee will also consider any such qualifications as required by law or applicable rule or regulation, and will consider questions of independence and conflicts of interest. In addition, the following characteristics and abilities, as excerpted from the Company's Corporate Board Governance Guidelines, will be important considerations of the Nominating and Corporate Governance Committee:

- Personal and professional ethics, strength of character, integrity and values;
- Success in dealing with complex problems or having excelled in a position of leadership;
- Sufficient education, experience, intelligence, independence, fairness, ability to reason, practicality, wisdom and vision to exercise sound and mature judgment;
- Stature and capability to represent the Company before the public and the stockholders;
- The personality, confidence and independence to undertake full and frank discussion of the Company's business assumptions;
- Willingness to learn the business of the Company, to understand all Company policies and to make themselves aware of the Company's finances;
- Willingness at all times to execute their independent business judgment in the conduct of all Company matters;
- Diversity of skills, attributes and experience which augment the composition of the Board in execution of its oversight responsibilities to the benefit to the Company; and
- Cultural, gender and ethnic diversity.

The charter also grants the Nominating and Corporate Governance Committee the responsibility to identify and meet individuals believed to be qualified to serve on the Board and recommend that the Board select candidates for directorships. The Nominating and Corporate Governance Committee's process for identifying and evaluating nominees for Director, as set forth in the charter, includes inquiries into the backgrounds and qualifications of candidates. These inquiries include studies by the Nominating and Corporate Governance Committee and may also include the retention of a professional search firm to be used to assist it in identifying or evaluating candidates. The Nominating and Corporate Governance Committee currently has retained Industrial Search Partners LLC and has previously retained the firms Boardbench Companies, LLC and Korn/Ferry International to assist in the search for qualified Directors.

The Nominating and Corporate Governance Committee has a written policy which states that it will consider Director candidates recommended by stockholders. There is no difference in the manner in which the Nominating and Corporate Governance Committee will evaluate nominees recommended by stockholders and the manner in which it evaluates candidates recommended by other sources. Shareholder recommendations for the nomination of directors should set forth (a) as to each proposed nominee, (i) their name, age, business address and, if known, residence address, (ii) their principal occupation or employment, (iii) the number of shares of stock of the Company which are beneficially owned by each such nominee and (iv) any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to be named as a nominee and to serve as a Director of the Company if elected); (b) as to the shareholder giving the notice, (i) their name and address, as they appear on the Company's books, (ii) the number of shares of the Company which are beneficially owned by such shareholder and (iii) a representation that such shareholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination; and (c) as to the beneficial owner, if any, on whose behalf the nomination is made, (i) the name and address of such person and (ii) the class and number of shares of the Company which are beneficially owned by such person. The Company may require any proposed nominee to furnish such other information as it may reasonably need to determine the eligibility of a proposed nominee to serve as a Director of the Company, including a statement of the qualifications of the candidate and at least three business references. All recommendations for nomination of Directors should be sent to the Corporate Secretary, Sturm, Ruger & Company, Inc., 1 Lacey Place, Southport, CT 06890. The Corporate Secretary will accept such recommendations and forward them to the Chairman of the Nominating and Corporate Governance Committee. In order to be considered for inclusion by the Nominating and Corporate Governance Committee as a candidate at the Company's next Annual Meeting of Stockholders, stockholder recommendations for Director candidates must be received by the Company in writing delivered or mailed by first class United States mail, postage prepaid, no earlier than January 6, 2015 (120 days prior to the first anniversary of this year's Annual Meeting of Stockholders) and no later than February 5, 2015 (90 days prior to the first anniversary of this year's Annual Meeting of Stockholders).

The Company has not rejected any Director candidates put forward by a stockholder or group of stockholders who beneficially owned more than 5% of the Company's Common Stock for at least one year prior to the date of the recommendation.

Risk Oversight Committee

In 2013, the members of the Risk Oversight Committee were Amir P. Rosenthal, Ronald C. Whitaker and Phillip C. Widman. Amir P. Rosenthal serves as Chairman of the Risk Oversight Committee.

The Board established the Risk Oversight Committee in 2010 to collaborate with the Company's executive team in assisting the Board in fulfilling its responsibility with respect to the Company's enterprise risk management oversight. The Risk Oversight Committee's responsibilities and roles are as follows:

- To monitor all enterprise risk. In doing so, the Committee recognizes the responsibilities delegated to other committees of the Board, and understands that the other committees of the Board may emphasize specific risk monitoring through their respective activities.
- To receive, review and discuss regular reports from senior management in areas of material risk to the Company, including operational, financial, legal and regulatory, strategic, reputational and industry-related risks.
- To discuss with management the Company's major risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessments and risk management policies.
- To study or investigate any matter of interest or concern that the Committee deems appropriate.

The Risk Oversight Committee held four meetings during 2013. All members of the Committee attended all of the meetings of the Committee during their 2013 tenure.

DIRECTOR COMPENSATION

The Board believes that compensation for the Company's independent Directors should be a combination of cash and equity-based compensation. The Directors and the Compensation Committee annually review Director compensation utilizing published compensation studies. Any recommendations for changes are made to the full Board by the Compensation Committee. In 2010, as a result of these reviews, the Directors' fee structure was changed as described below.

Directors' Fees and Other Compensation

As of April 28, 2010, the Board approved a fee schedule whereby non-management independent Directors receive annual retainer compensation as follows: Chairman of the Board \$140,000; Vice Chairman of the Board \$130,000; all others \$100,000. The retainer compensation is paid as 2/3 in cash and 1/3 in one-year restricted stock. In addition to the annual retainer fees, all non-management independent Directors annually receive long-term equity compensation of \$50,000 paid in the form of three-year-restricted stock units at a one-third discount to market.

The Company's Chief Executive Officer and non-independent Director Michael O. Fifer does not receive compensation for his service as a member of Company's Board of Directors.

On April 30, 2013, the annual restricted shares awarded on May 2, 2012 vested and the related shares were issued to the independent Directors. On May 3, 2013, the long-term restricted stock awarded on May 3, 2010 vested and the related shares were issued to the independent Directors. In addition, on May 3, 2013, four business days after the April 30, 2013 Annual Meeting, the independent Directors were granted their 2013 annual and long-term awards of restricted stock.

Under the Company's 2007 Stock Incentive Plan, options to purchase 20,000 shares of the Company's Common Stock were granted to Directors upon joining the Board at an exercise price equal to the closing price on the date of award. These options vest and become exercisable in four equal annual installments of 25% of the total number of options awarded, beginning on the date of grant and on each of the next succeeding three anniversaries thereafter. Until the April 24, 2007 ratification of the 2007 Stock Incentive Plan, these options were previously granted under the Company's 2001 Stock Option Plan for Non-Employee Directors. On April 28, 2010, the Board of Directors eliminated such awards altogether for future new Directors. Following the issuance of the Company's \$4.50 special cash dividend on December 21, 2012, additional stock options were awarded to certain Directors as provided under the terms of the 2007 Stock Incentive Plan to maintain the intrinsic value of any then-outstanding option awards, with such options subject to the terms of the original awards.

Directors are covered under the Company's business travel accident insurance policy for \$1,000,000 while traveling on Company business, and are covered under the Company's director and officer liability insurance policies for claims alleged in connection with their service as Directors.

All Directors were reimbursed for reasonable out-of-pocket expenses related to attendance at Board, Committee and stockholder meetings.

DIRECTORS COMPENSATION TABLE FOR YEAR 2013

The following table reflects the compensation received during the 2013 fiscal year by each independent Director.

<u>Name</u>	<u>Number of</u>		<u>Stock</u>	<u>Other</u>	<u>Total Director</u>								
	<u>Fees</u>	<u>Underlying</u>				<u>Stock</u>	<u>Compensation</u>	<u>Compensation</u>					
									<u>Earned or</u>	<u>Awards</u>	<u>Awards</u>	<u>(3)</u>	<u>(4)</u>
									<u>Paid in</u>	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>	<u>(4)</u>
<u>Cash (1)</u>	<u>(#)</u>	<u>(1)</u>	<u>\$</u>	<u>(1)</u>									
	<u>(1)</u>	<u>(#)</u>	<u>(1)</u>	<u>\$</u>	<u>(1)</u>								
C. Michael Jacobi	\$93,333	1,918	\$96,667	\$25,612	\$215,613								
John A. Cosentino, Jr.	\$86,668	1,852	\$93,333	\$25,205	\$205,206								
James E. Service	\$66,668	1,653	\$83,333	\$23,990	\$173,991								
Amir P. Rosenthal	\$66,668	1,653	\$83,333	\$23,990	\$173,991								
Ronald C. Whitaker	\$66,668	1,653	\$83,333	\$23,990	\$173,991								
Phillip C. Widman	\$66,668	1,653	\$83,333	\$23,990	\$173,991								

Notes to Directors Compensation Table

- (1) See DIRECTOR S FEES AND OTHER COMPENSATION above.
- (2) Represents aggregate grant date fair value of non-qualified equity awards made to each non-management independent director on May 3, 2013 under the 2007 Stock Incentive Plan in accordance with the Director annual fee schedule approved in 2010. The amounts shown represent the full grant date fair value of the awards calculated in accordance with the provisions of FASB ASC 718, and are shown at the maximum unit value expected upon achievement of the time-based goals of the awards.
- (3) Consists of accrued dividends paid upon the April 30, 2013 and May 3, 2013 vesting and conversion of restricted stock units awarded to each Director as described above.
- (4) The Company s non-management Directors do not receive non-equity incentive plan compensation, pension or medical plan benefits or non-qualified deferred compensation.

Directors and Executive Officers Beneficial Equity Ownership

In 2006 the Board set a minimum equity ownership requirement for independent, non-management Directors of five times their annual base cash retainer to be achieved within five years of the later of the date of adoption or the date of a Director's election. As Directors are expected to hold a meaningful ownership position in the Company, a significant portion of overall Director compensation is intended to be in the form of Company equity. This has been partially achieved through options granted to each independent Director under the 2001 Stock Option Plan for Non-Employee Directors or 2007 Stock Incentive Plan and through the annual deferred equity awards under the 2007 Stock Incentive Plan. In 2007, the Board also set a minimum equity ownership requirement for the Company's Chief Executive Officer of three times his base salary, and for the Company's other Named Executive Officers of two times their base salary, to be achieved within five years of their appointment. The current amounts of Common Stock beneficially owned by each Director and Named Executive Officer may be found in the BENEFICIAL OWNERSHIP TABLE below.

BENEFICIAL OWNERSHIP OF DIRECTORS AND MANAGEMENT TABLE

The following table sets forth certain information as of March 17, 2014 as to the number of shares of the Company's Common Stock beneficially owned by each Director, Named Executive Officer and all Directors and Executive Officers of the Company as a group.

<u>Name</u>	<u>Beneficially Owned</u> <u>Shares of Common</u> <u>Stock</u>	<u>Stock Options</u> <u>Currently</u> <u>Exercisable or</u> <u>to</u> <u>Become</u> <u>Exercisable</u> <u>within 60 days</u> <u>after</u> <u>March 17, 2014</u>	<u>Total Shares</u> <u>Beneficially</u> <u>Owned</u>	<u>Percent</u> <u>of Class</u>
Independent Directors:				
C. Michael Jacobi	12,454	0	12,454	*
John A. Cosentino, Jr.	20,103	0	20,103	*
James E. Service	17,471	0	17,471	*
Amir P. Rosenthal	12,309	5,472	17,781	*
Ronald C. Whitaker	38,346	0	38,346	*
Phillip C. Widman	21,309	21,889	43,198	*
Michael O. Fifer (also a Director)	36,558	0	36,558	*
Thomas A. Dineen	18,308	0	18,308	*
Christopher J. Killoy	22,319	0	22,319	*
Mark T. Lang	11,633	0	11,633	*
Thomas P. Sullivan	24,732	0	24,732	*
Directors and executive officers as a group: (6 independent Directors, 1 Director who is also an executive officer and 7 other executive officers)	281,275	27,361	308,636	1.6%

Notes to Beneficial Ownership Table

* Beneficial owner of less than 1% of the outstanding Common Stock of the Company.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's officers and Directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC and NYSE. Officers, Directors and greater-than-10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of the Section 16(a) report forms furnished to the Company and written representations that no other reports were required, that with respect to the period from January 1, 2013 through December 31, 2013, all such forms were filed in a timely manner by the Company's officers, Directors and greater-than-10% beneficial owners, except for one Form 4 for John A Cosentino, Jr. which was filed one day late.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

The Company's Board has a policy of monitoring and reviewing issues involving potential conflicts of interest, and reviewing and approving all related party transactions. There were no related-party transactions in 2013.

PRINCIPAL STOCKHOLDERS

The following table sets forth as of March 17, 2014 the ownership of the Company's Common Stock by each person of record or known by the Company to beneficially own more than 5% of such stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1) (#)	Percent of Class (%)
Common Stock	The London Company 1801 Bayberry Court, Suite 301 Richmond, VA 23226	2,654,410	13.7%
Common Stock	Black Rock Inc. 40 East 52 nd Street New York, NY 10022	1,755,145	9.0%
Common Stock	The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	1,653,283	8.5%
Common Stock	Allianz Global Investors U.S. Holdings LLC 680 Newport Center Drive, Suite 250 Newport Beach, CA 92660	1,177,561	6.1%
	NJF Investment Group LLC 2100 Ross Avenue, Suite 700 Dallas, TX 75201		

Notes to Principal Stockholder Table

(1)

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

Such information is as of December 31, 2013 and is derived exclusively from Schedules 13G or Schedules 13G/A filed by the named beneficial owners on or before February 15, 2014.

PROPOSAL NO. 2 RATIFICATION OF INDEPENDENT AUDITORS**PRINCIPAL ACCOUNTANTS FEES AND SERVICES**

The following table summarizes the fees incurred by the Company for professional services rendered by McGladrey LLP (formerly known as McGladrey & Pullen, LLP) during fiscal years 2013 and 2012.

	Principal Accountants Fees	
	2013	2012
Audit Fees	\$598,000	\$582,000
Audit-Related Fees	\$48,000	\$47,000
Tax Fees	\$0	\$13,850
All Other Fees	\$875	\$0
Total Fees	\$646,875	\$642,850

Audit Fees

Consist of fees billed for professional services rendered for the audit of the Company's consolidated financial statements, the audit of internal controls over financial reporting per Section 404 of the Sarbanes-Oxley Act and the review of interim consolidated financial statements included in quarterly reports.

Audit - Related Fees

Consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under Audit Fees. These services include audits of the Company's employee benefit and compensation plans.

Tax Fees

Consist of fees billed for professional services for tax assistance, including pre-filing reviews of original and amended tax returns for the Company and tax audit assistance.

All Other Fees

Consist of fees billed for services rendered by McGladrey LLP related to miscellaneous matters including financial due diligence and internal audit assistance.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

It is the policy of the Audit Committee to meet and review and approve in advance, on a case-by-case basis, all engagements by the Company of permissible non-audit services or audit, review or attest services for the Company to be provided by the independent auditors, with exceptions provided for de minimis amounts under certain circumstances as prescribed by the Exchange Act. The Audit Committee may, at some later date, establish a more detailed pre-approval policy pursuant to which such engagements may be pre-approved without a meeting of the Audit Committee. Any request to perform any such services must be submitted to the Audit Committee by the independent auditor and management of the Company and must include their views on the consistency of such request with the SEC's rules on auditor independence.

All of the services of McGladrey LLP which consisted of Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees described above were approved by the Audit Committee in accordance with its policy on permissible non-audit services or audit, review or attest services for the Company to be provided by its independent auditors, and no such approval was given through a waiver of such policy for de minimis amounts or under any of the other circumstances as prescribed by the Exchange Act.

Representatives of McGladrey LLP will be present at the Meeting, will have the opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

Board of Directors Recommendation

The Board of Directors recommends a vote **FOR** the ratification of McGladrey LLP as the Company's independent auditors.

PROPOSAL NO. 3 ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables stockholders to vote to approve, on an advisory (nonbinding) basis, the compensation of the Company's executive officers as disclosed in this Proxy Statement in accordance with applicable SEC rules. This vote, commonly known as a "say-on-pay" vote, provides stockholders with the opportunity to express their views on our executive officers' compensation. The vote is not intended to address any specific item of our executive compensation, but rather the overall compensation of the Company's executive officers and the philosophy, policies and practices described in this Proxy Statement.

As described in the section of this Proxy Statement entitled "Compensation Discussion and Analysis", our executive compensation program is designed to attract, retain, and motivate talented individuals with the executive experience and leadership skills necessary for us to increase stockholder value by driving long-term growth in revenue and profitability. We seek to provide executive compensation that is competitive with companies that are similar to the Company. We also seek to provide near-term and long-term financial incentives that reward well-performing executives when strategic corporate objectives designed to increase long-term stockholder value are achieved. We believe that executive compensation should include base salary, cash incentives and equity awards. We also believe that our executive officers' base salaries should be set at competitive levels relative to comparable companies, and cash and equity incentives should generally be set at levels that give executives the opportunity to achieve above-average total compensation reflecting above-average Company performance. In particular, our executive compensation philosophy is to promote long-term value creation for our shareholders by rewarding improvement in selected financial metrics, and by using equity incentives. Please see our "Compensation Discussion and Analysis" and related compensation tables for detailed information about our executive compensation programs, including information about the fiscal 2013 compensation of our Named Executive Officers.

Text of Resolution:

RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company's Proxy Statement for the 2014 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2013 Summary Compensation Table and the other related tables and disclosure.

The say-on-pay vote is advisory, and therefore not binding on the Company, our Board of Directors, or the Compensation Committee of the Board of Directors. Our Board of Directors and Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the executive officer compensation as disclosed in this Proxy Statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns. The Company held a say-on-pay vote in connection with the 2013 Annual Meeting of Stockholders and currently intends to hold a say-on-pay vote on an annual basis hereafter.

Board of Directors Recommendation

The Board of Directors recommends a vote **FOR** approval of the pay-for-performance compensation policies and practices employed by the Compensation Committee, as described in the Compensation Discussion and Analysis and the tabular disclosure regarding Named Executive Officer compensation in this Proxy Statement.

COMPENSATION DISCUSSION AND ANALYSIS**How Did the Company Perform in 2013 and How Did We Compensate our Executives?**

Sturm, Ruger is focused on sales growth, profitability, and delivering superior returns to its shareholders and our executive compensation programs are strongly linked to our financial performance. To that end, 2013 was another year of continued outstanding financial and market performance. Our executive compensation programs reflected that performance, as illustrated in the table below, which shows the Company's Return on Equity (ROE), Sales Growth and Earnings per Share (EPS) Growth as compared to the Russell 2000 Index companies with less than \$1 billion in revenues and the Standard and Poors 500 Indices for 2013*.

2013 PERFORMANCE INDICATORS

	ROE	Sales Growth	EPS Growth
Sturm, Ruger	81.2%	39.9%	55.0%
Russell 2000 (<\$1B Rev)	Index Median: 7.5%	6.7%	8.3%
(n = 1,515)	Ruger Percentile: 99th	89th	79th
S&P 500	Index Median: 14.5%	3.7%	9.7%
	Ruger Percentile: 98th	97th	88th

* Russell 2000 and S&P 500 results are calculated with data available on March 10, 2014, as published by Bloomberg L.P.

In addition to our strong operating performance, our indexed returns to shareholders over the past five years have significantly outpaced multiple indices and the indexed returns of our closest publicly-reported competitor, Smith & Wesson Holding Corporation, as illustrated graphically below.

Sturm, Ruger & Company, Inc., Standard & Poors 500 Index, Value Line Recreation Index and Smith & Wesson Holding Corporation

(Performance Results from December 31, 2008 through December 31, 2013)*

* Assumes \$100 invested at the close of trading December 31, 2008 in Sturm, Ruger & Company, Inc. Common Stock (NYSE:RGR), Standard & Poors 500, Value Line Recreation Index and Smith & Wesson Holding Corporation, and assumes reinvestment of dividends. Source: Value Line Publishing LLC. Factual material is obtained from sources believed to be reliable, but the publisher is not responsible for any errors or omissions contained herein.

Based on the above performance, the Compensation Committee made the following compensation determinations with respect to the 2013 compensation for our Named Executive Officers:

- Authorized the achievement of our performance-based non-equity incentive at 242% of target;
- Authorized a Company-wide profit-sharing pool equal to 15% of the adjusted operating profit after full accrual of the profit sharing; and
- Authorized satisfaction of the performance trigger criteria for the 2013 annual performance-based equity awards; these awards will complete the time-vesting trigger on March 5, 2016.

Based on our assessment of competitive market pay and our operating performance in the top decile of the relevant indices, our Committee believes our pay and performance for 2013 are well aligned. In light of the Company's financial accomplishments and our pay-for-performance philosophy, the Compensation Committee recommends that our shareholders vote **FOR** this year's resolution to approve the Named Executive Officer (NEO) compensation as described in this Proxy Statement.

What is the Company's Philosophy and Objectives Regarding Compensation?

The Company's executive compensation program is designed to align and reward both corporate and individual performance in an environment that reflects commitment, responsibility and adherence to the highest standards of ethics and integrity. Recognition of both individual contributions as well as overall business results permits an ongoing evaluation of the relationship between the size and scope of the Company's operations, its performance and its executive compensation.

As a result of the Company's equity and non-equity incentive plan awards, approximately 76% of the Chief Executive Officer's target compensation for 2014 and 70% of the other Named Executive Officers' target compensation for 2014 is considered at risk and linked directly to corporate performance as illustrated in the graphs below.

2014 TARGET COMPENSATION ALLOCATION

What Are the Elements of the Company's Executive Remuneration and the Objectives of Each?

Remuneration Element	Description	Primary Objectives
Base Salary	Reflects fixed compensation.	<ul style="list-style-type: none"> ● Attract and retain employees over time ● Provide a base level of total compensation to reflect an individual's role and responsibilities
Annual Incentive	Comprised of a performance-based annual bonus and a profit-sharing program.	<ul style="list-style-type: none"> ● Focus executives and employees on important short-term Company-wide performance goals ● Recognize and reward overall annual business results and individual / team contributions
Equity Compensation	<p>Comprised of annual performance-based restricted stock units with performance-based and time-based vesting criteria (double-trigger for vesting).</p> <p>For 2011 and 2012, certain executives received a special retention award of restricted stock units with time-based vesting.</p> <p>Beginning in 2014, certain executives will receive annual awards of restricted stock units in lieu of renewing time-based retention awards. These awards have double triggers requiring both achievement of performance goals and the passage of time.</p>	<ul style="list-style-type: none"> ● Focus executives and employees on important long-term Company-wide performance goals ● Align our executives with the interests of shareholders and deliver a superior rate of return ● Retain executives and employees over time ● Focus executives and employees on the long-term success of the Company, as reflected in increases to the Company's stock prices over a period of several years, growth in its earnings per share and other measurements of corporate performance
Health, Welfare and Retirement Benefits	Generally reflect those benefits provided to our broad employee population.	<ul style="list-style-type: none"> ● Attract and retain employees over time ● Provide for the safety, security and wellness of employees
Severance Arrangements	Specific severance agreements for Officers that provide benefits when employment terminates as a result of a change in control or by the Company without cause.	<ul style="list-style-type: none"> ● Facilitate the Company's ability to attract and retain talented executives ● Encourage executives and employees to remain focused on the Company's business during times of corporate change

How Does the Company Determine the Amount/Formula for Each Element?

Generally, each element of compensation, including base salaries and performance-based bonus and equity incentive opportunities, is evaluated independently and as a whole to determine whether it is competitive and reasonable within the market, as further described below. Each component of the target compensation for each of the Named Executive Officers is recommended by the Compensation Committee to the Board after:

- Analyzing each executive's compensation utilizing benchmarking studies as described below;
- Evaluating each executive's current responsibilities and the scope and performance of the operations under their management;
- Reviewing their individual experience and performance; and
- Evaluating the balance of equity and non-equity compensation for each executive with the goal of fairly rewarding individual and group performance results.

The Compensation Committee utilizes benchmarking reports prepared by Towers Watson, an independent consulting group, to analyze the compensation of the Company's Named Executive Officers. The reports discuss how the Company's executive compensation program compares with those of peer companies on base salary, target bonus, long-term incentives and total direct compensation. The Committee looks at each individual element of total compensation as well as the overall level and mix of remuneration.

Consistent with the prior year, Towers Watson's 2013 analysis focused on a broad array of manufacturing companies included in the Towers Watson 2013 General Industry Top Management Compensation Survey Report - U.S. and the 2013 US Mercer Executive Compensation Survey with revenues between \$250 million and \$1 billion. In early 2014, Towers Watson also conducted an assessment of other publicly reporting companies in the firearms industry such as Smith and Wesson Holding Corporation, and high-performing companies within similar GICS codes and revenue size to Sturm, Ruger. The companies included in this peer group are as follows:

Arctic Cat Inc.	Coleman Cable Inc.	Lindsay Corporation	Shiloh Industries Inc.
Astronics Corporation	Dorman Products Inc.	Middleby Corp.	Smith & Wesson Holding Corp.
AZZ Incorporated	Drew Industries Incorporated	Oxford Industries, Inc.	Sparton Corp.
Blount International	Graco Inc.	Patrick Industries Inc.	Winnebago Industries, Inc.
Chart Industries Inc.	HEICO Corporation	Raven Industries Inc.	ZAGG Inc.

These analyses concluded that the target compensation paid to the Named Executive Officers in 2013 generally fell within the 50th and 75th percentile of surveyed companies with revenue between \$250 million and \$1 billion, and generally within the 25th and 50th percentile of the Company's high-performing peer group. In 2013, the Company's financial performance was superior to that of both comparison groups.

As a result of these analyses, the Compensation Committee has concluded that the total compensation of its executives falls within the parameters set by the Compensation Committee for relating executive compensation to Company performance.

How are Salaries Determined?

Salaries for executive officers are determined by considering the following factors without applying any specific formula to determine the weight of each factor:

- current responsibilities of the officer's position, the scope and performance of the operations under their management;
- the experience and performance of the individual;
- market rates for compensation of new executives being recruited to the Company and by comparing those salaries to recruiting offers made to the Company's executives by competitors; and,
- historical salaries paid by the Company to officers having certain duties and responsibilities.

The Compensation Committee has historically followed a policy of using performance-based incentive bonus awards rather than base salary to reward outstanding performance, and base salaries are not typically adjusted each year.

NAMED EXECUTIVE OFFICERS BASE SALARIES

Name	2013 Base Salary	Effective Date	2014 Base Salary	Effective Date
Michael O. Fifer	\$500,000	March 1, 2011	\$550,000	February 16, 2014
Thomas A. Dineen	\$250,000	February 1, 2010	\$285,000	February 16, 2014
Christopher J. Killoy (1)	\$300,000	February 16, 2011	\$350,000	January 1, 2014
Mark T. Lang	\$275,000	February 16, 2011	\$285,000	February 16, 2014
Thomas P. Sullivan	\$250,000	February 1, 2010	\$285,000	February 16, 2014

- (1) Christopher J. Killoy's salary, nominal performance-bonus opportunity and equity compensation were increased upon his January 1, 2014 promotion to President and Chief Operating Officer from Vice President of Sales and Marketing. See the TARGET COMPENSATION TABLE below for further information.

How are Profit Sharing and Bonuses Determined?*Profit Sharing*

The Company offers profit sharing to all of its employees. The amount of profit sharing is formula-based and is determined by the operating results of the Company. All employees participate in it pro-rata based on their actual base salary or hourly wage compensation. The amount of earnings that is paid quarterly as profit-sharing is authorized by the Board of Directors, and is typically 15% of Adjusted Operating Profit (AOP) after accrual for all bonuses and profit sharing. AOP is a non-GAAP measure of operating profit adjusted to eliminate the impact of LIFO income or expense, overhead and direct labor rate changes, excess and obsolete inventory reserve changes, and other income or expenses that we believe are related to longer periods of time, such as frozen defined benefit pension plan expense or product recalls.

Based upon our 2013 AOP results of \$177.3 million, our Named Executive Officers received the following profit-sharing:

Name	2013 Profit Sharing
Michael O. Fifer	\$157,281
Thomas A. Dineen	\$78,641
Christopher J. Killoy	\$94,822
Mark T. Lang	\$86,505
Thomas P. Sullivan	\$78,641

Annual Performance-Based Non-equity Incentive (the annual Cash Bonus)

The Company offers an annual performance-based non-equity incentive award (i.e., the cash bonus) to all but its most junior grade of employees. The amounts of the performance-based incentive award are based on a target compensation value for each individual and are authorized by the Board of Directors.

In February 2013, the Board of Directors established target (100%) achievement of the bonus at AOP of \$114.4 million. This target was set to equal our actual 2012 AOP, which reflected a 74% year-over-year increase in earnings from 2011. The Board of Directors believed maintaining this level of AOP again in 2013 would be a challenging goal. The 2013 actual achievement percentage was adjusted up or down from 100% achievement by 1% for every \$443,600 of AOP above or below \$70 million. There is no minimum or maximum payout limit for the annual performance-based non-equity incentive.

Our actual AOP results in 2013 were \$177.3 million, which provided for a performance-based non-equity incentive achievement equal to 242% of target. The table below provides the 2013 target and actual performance-based incentive results for each of our Named Executive Officers.

Name	Performance-Based Non-Equity Awards			2013 Actual Award
	2013 Base Salary	2013 Target Award % of Salary	\$ Value*	
Michael O. Fifer	\$500,000	100%	\$500,000	\$1,210,000
Thomas A. Dineen	\$250,000	67%	\$166,667	\$403,333
Christopher J. Killoy	\$300,000	67%	\$200,000	\$486,580
Mark T. Lang	\$275,000	67%	\$183,333	\$443,667
Thomas P. Sullivan	\$250,000	67%	\$166,667	\$403,333

* Values shown are based on actual salary amounts per the SUMMARY COMPENSATION TABLE below.

For 2013, the target levels for performance-based non-equity incentive awards were increased by 5% for all eligible employees.

Christopher J. Killoy's nominal performance-based non-equity incentive opportunity was increased from 67% to 75% as of January 1, 2014.

The Board of Directors also authorizes discretionary awards from time to time for executive officers in recognition of special performance. No discretionary awards were made to the Named Executive Officers for 2013.

How are Equity Compensation Awards Determined?

Equity compensation is a significant component of the Company's overall compensation philosophy and is built on the principles that it should seek to align participants' actions and behaviors with stockholders' interests, be market-competitive, and be able to attract, motivate and retain the best employees and Directors. Beginning in 2009, equity awards were granted in the form of restricted stock units that vest upon achievement of certain operating performance goals.

In 2013, the annual performance-based equity award opportunity was subject to two vesting triggers:

1. Performance-based vesting trigger contingent on achievement of a pre-established AOP goal, and
2. Three-year time-based vesting subject to achievement of the performance goal.

The amounts of the annual performance-based equity awards are based on a target compensation value for each Named Executive Officer and are authorized by the Board of Directors. The number of restricted stock units (RSUs) awarded are determined by taking the target for the equity compensation and dividing by the mean of high and low stock price on the effective date of the award. The table below shows the 2013 target equity incentive awards for each Named Executive Officer.

Name	2013 Target Performance-Based Equity Award			Number of RSUs Awarded
	2013 Base Salary	% of Salary	\$ Value	
Michael O. Fifer	\$500,000	100%	\$500,000	8,677
Thomas A. Dineen	\$250,000	67%	\$166,667	2,892
Christopher J. Killoy	\$300,000	67%	\$200,000	3,471
Mark T. Lang	\$275,000	67%	\$183,333	3,181
Thomas P. Sullivan	\$250,000	67%	\$166,667	2,892

In February 2013, the Board of Directors determined that the performance target for the vesting of the RSUs would be the achievement of \$97 million in AOP for any four consecutive quarters from January 1, 2013 to December 31, 2018. The \$97 million AOP vesting trigger reflected the average of the actual AOP of the preceding three years, multiplied by 1.33. Based on actual AOP results in 2013 of \$177.3 million, the Board of Directors determined that the performance-based vesting trigger was achieved. The three-year time-based vesting will be satisfied on March 5, 2016.

On January 1, 2014, Christopher J. Killoy's annual performance-based equity compensation was increased from 67% to 75% of base salary.

In February 2014, the Board of Directors approved annual restricted stock unit retention awards for the Named Executive Officers equal to their annual performance-based equity compensation opportunity. These retention awards have both performance-based and time-based vesting requirements. See the TARGET COMPENSATION TABLE below for further information.

Clawback Policy

In February 2014, the Board of Directors instituted an Executive Compensation Clawback Policy whereby the performance-based compensation of the Company's executive officers is subject to clawback provisions in the event of fraud or intentional illegal conduct which requires the restatement of the Company's financial results. A copy of this policy is posted on the Company's website at www.ruger.com.

What are the Company's Health, Welfare and Retirement Benefits?

The Company offers the same health, welfare and retirement benefits to all salaried employees. These benefits include medical benefits, dental benefits, vision benefits, life insurance, salary continuation for short-term disability, long-term disability insurance, accidental death and dismemberment insurance, 401(k) plan and other similar benefits. Because these benefits are offered to a broad class of employees, the cost is not required by SEC rules to be included in the SUMMARY COMPENSATION TABLE below.

Additionally, officers are covered under the Company's business travel accident insurance policy for ten times their base salary to a maximum of \$5,000,000 while traveling at any time. Officers are also covered under the Company's director and officer liability insurance policies for claims alleged in connection with their service.

Does the Company Provide Perquisites?

The Company believes in limited perquisites for its Directors and executive officers. Perquisites generally include discounts on Company products, which are available to all Company employees and Directors. The Company has a Relocation Policy covering all employees based on their grade level that provides various levels of temporary living and relocation expense reimbursements, payment of related taxes, and the use of Company vehicles for business purposes. Temporary living and relocation reimbursements and related tax payments for the Named Executive Officers are disclosed in the SUMMARY COMPENSATION TABLE below.

How is the Chief Executive Officer's Performance Evaluated and Compensation Determined?

The Nominating and Corporate Governance Committee, the Compensation Committees and the Board as a whole annually evaluate the performance and review the compensation of the Chief Executive Officer utilizing a variety of criteria. The job objectives established for the Chief Executive Officer are:

- To promote and require the highest ethical conduct by all Company employees and demonstrate personal integrity consistent with the Company's Corporate Governance Guidelines.
- To establish, articulate and support the vision for the Company that will serve as a guide for expansion.
- To align physical, human, financial and organizational resources with strategies.

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

- To communicate strategies and alignment in a clear manner so that every employee understands their personal role in the Company's success.
- To establish a succession planning process in order to select, coordinate, evaluate and promote the best management team.
- To keep the Board informed on strategic and business issues.

Evaluation of the Chief Executive Officer's performance with regard to these job objectives is rated on the following business skills and performance achievement:

- **Leadership:** his ability to lead the Company with a sense of direction and purpose that is well understood, widely supported, consistently applied and effectively implemented.
- **Strategic Planning:** his development of a long-term strategy, establishment of objectives to meet the expectations of stockholders, customers, employees and all Company stakeholders, consistent and timely progress toward strategic objectives and obtainment and allocation of resources consistent with strategic objectives.
- **Financial Goals and Systems:** his establishment of appropriate and longer-term financial objectives and ability to consistently achieve these goals and ensure that appropriate systems are maintained to protect assets and control operations.
- **Financial Results:** his ability to meet or exceed the financial expectations of stockholders, including improvement in operating revenue, cash flow, net income, earnings per share and share price.
- **Succession Planning:** his development, recruitment, retention, motivation and supervision of an effective senior management team capable of achieving objectives.
- **Human Resources:** his development of effective recruitment, training, retention and personnel communication plans and programs to provide and motivate the necessary human resources to achieve objectives.
- **Communication:** his ability to serve as the Company's chief spokesperson and communicate effectively with stockholders and all stakeholders.
- **Industry Relations:** his ensuring that the Company and its operating units contribute appropriately to the well-being of their communities and industries, and representation of the Company in community and industry affairs.
- **Board Relations:** his ability to work closely with the Board to keep them fully informed on all important aspects of the status and development of the Company, his implementation of Board policies, and his recommendation of policies for Board consideration.

The Chief Executive Officer's compensation levels are determined after performance evaluations based on published and commissioned compensation studies, the Chief Executive Officer's demonstrated abilities and contributions to the success of the Company, and the overall results of Company operations.

The Board of Directors has periodically increased Mr. Fifer's compensation based on analyses of competitive compensation as discussed above and the achievement of superior returns for the Company's shareholders since he joined the Company on September 25, 2006, as illustrated below:

	COMPOUNDED ANNUAL GROWTH		
	1 Year	3 Years	5 Years
Earnings per Share	55%	56%	67%
CEO Compensation	(45%)	25%	21%

What are the Company's Governance Practices Regarding Compensation?

Stockholders: The 2007 Stock Incentive Plan was approved by the stockholders at the Company's 2007 Annual Meeting. The Company does not have any stock plans that are not stockholder-approved.

Board and Compensation Committee and Nominating and Corporate Governance Committee: The Compensation Committee and the Board determine the compensation of the Company's executive officers, including the individuals whose compensation is detailed in this Proxy Statement. The Compensation Committee, which is composed entirely of independent, non-management Directors, establishes and administers compensation programs and philosophies. The Compensation Committee ensures that stockholder-approved plans are administered in accordance with good governance practices and stockholder intent. The Compensation Committee is responsible for the recommendation of salaries, bonuses and long-term incentive compensation paid to executive officers, bonus pools for non-executive employees, retirement formulas for executive officers, deferred compensation plans, and any employment and change-in-control agreements. In addition, the performance of each executive officer is evaluated by the Nominating and Corporate Governance Committee and reported to the full Board. The full Board reviews the Compensation Committee and Nominating and Corporate Governance Committee reports and acts on recommendations of the Compensation Committee.

Management: The Chief Executive Officer's views regarding the performance and recommended compensation levels for the Company's executive officers are discussed with all of the non-management Directors.

What are the Company's Governance Practices Regarding Stock Awards?

The Board has established the following practices and policies regarding stock awards:

- The Company's policy for setting the timing of stock option grants does not allow executives to have any role in choosing the price of their options or other stock awards;
- The Company has never back dated or re-priced options or other stock awards, and the 2007 Stock Incentive Plan states that re-pricing of options is not allowed;
- The Company began utilizing restricted stock units, rather than stock options, for substantially all equity awards effective in April, 2009;
- Equity awards for employees are issued only on the fourth business day following the public quarterly filing of the Company's Forms 10-K or 10-Q in order to allow the investment markets adequate time to assimilate the current financial information, and will be valued at the mean between the highest and lowest sales prices of the Company's common stock on the NYSE on the date of issue;
- Annual performance-based equity awards for executive officers and certain employees are generally approved at the first Board meeting of each year and are issued on the fourth business day following the public filing of the Company's Form 10-K.

The Compensation Committee and the Board consider recommendations from the Chief Executive Officer in establishing appropriate equity awards for officers and employees. All equity awards for the Named Executive Officers have been and will continue to be subject to the approval of the Compensation Committee and ratification by the full Board. The Company's Corporate Secretary is responsible for issuing equity awards upon their approval and maintaining records of all equity awards issued, exercised or terminated in accordance with the terms of the 2007 Stock Incentive Plan.

How does the Compensation Committee Utilize Independent Consultants?

As provided for in the Compensation Committee Charter, the Compensation Committee retained Towers Watson as its independent compensation consultant. The Committee, in conjunction with recommendations from management, determines the work to be performed by the consultant and has the ultimate authority to retain and terminate the consultant. The consultant works with management to gather data required in preparing analyses for Committee review.

In fiscal 2013, Towers Watson was engaged by the Committee for the following executive compensation work:

- Development of a publicly-traded peer group to be used for pay level comparison purposes;
- Assessment of Sturm, Ruger's executive pay level and mix of remuneration elements against approved market comparators; and
- Review and input to the Compensation Discussion and Analysis section of this Proxy Statement.

Other than the aforementioned engagement, Towers Watson maintains no other direct or indirect business relationship with the Company. All executive compensation services provided by the consultant are conducted under the direction and authority of the Compensation Committee and all work performed by Towers Watson is approved by the Chairman of the Compensation Committee. Given these processes and by evaluating Towers Watson against the SEC required factors, the Committee believes Towers Watson is independent in its advice and counsel.

How Does the Company Evaluate its Compensation Program Risks?

The Compensation Committee evaluates risk deriving from compensation programs, and does not believe that our compensation program is reasonably likely to have a material adverse effect on the Company for the following reasons:

- Executive compensation is structured to consist of both fixed compensation, which provides a steady income stream regardless of stock price performance, and variable incentive compensation, which is designed to reward both short-term and long-term corporate performance. Fixed, base-salary compensation is both market-competitive and sufficient to make risk-taking to achieve a living wage unnecessary. Short-term cash incentive compensation is awarded based on achievement of operating profit goals, while significant weighting toward long-term equity incentive compensation based on multi-year operating performance targets discourages short-term risk-taking;
- The variable elements of compensation are contingent upon the achievement of pre-determined profitability goals. Due to the nature of the Company's business, there is minimal subjectivity in the financial results on which this compensation is based;
- Performance goals are applicable Company-wide to our executives and employees alike to encourage consistent behavior throughout the organization;
- Approval of the Board of Directors is required prior to the payment of any incentive compensation;
- Equity ownership guidelines of three times base salary for the CEO and two times base salary for the other NEOs discourage excessive risk taking by providing an incentive for executives to consider the Company's long-term interests, since a portion of their personal investment portfolio consists of Company stock; and
- The Company has strict internal controls over the measurement and calculation of performance goals, and all employees are required to receive annual compliance training under our Corporate Governance Guidelines, which covers, among other things, accuracy of books and records.

EXECUTIVE COMPENSATION

The following table summarizes the target cash and equity compensation approved by the Board of Directors for each of the executive officers named in the Summary Compensation Table for 2011 through 2014. See SUMMARY COMPENSATION TABLE below for actual compensation earned by the Named Executive Officers in 2011, 2012 and 2013.

TARGET COMPENSATION TABLE

Named Executive Officer and Principal Position	Year	Cash Compensation		Equity Compensation					Total Target Compensation
		Salary (1)	Profit Sharing	Performance-Based Non-Equity Compensation Opportunity (2)	Performance-Based Stock Award Opportunity (3)	Retention Award Opportunity (4)	All Other Compensation (5)		
Michael O.									
Fifer	2014	\$550,000	\$137,500	\$550,000	\$550,000	\$550,000	\$150,400	\$2,487,900	
<i>Chief Executive Officer and Director (6)</i>	2013	\$500,000	\$125,000	\$500,000	\$500,000	\$0	\$135,100	\$1,760,100	
	2012	\$500,000	\$70,000	\$475,000	\$500,000	\$2,158,500	\$48,500	\$3,752,000	
	2011	\$500,000	\$51,000	\$475,000	\$375,000	\$2,712,000	\$20,300	\$4,133,300	
Thomas A. Dineen									
<i>Vice President, Treasurer and Chief Financial Officer</i>	2014	\$285,000	\$71,250	\$190,000	\$190,000	\$190,000	\$65,700	\$991,950	
	2013	\$250,000	\$62,500	\$166,667	\$166,667	\$0	\$62,800	\$708,634	
	2012	\$250,000	\$35,000	\$154,167	\$166,667	\$0	\$44,900	\$650,734	
	2011	\$250,000	\$25,500	\$152,500	\$125,000	\$882,750	\$29,000	\$1,464,750	
Christopher J. Killoy									
<i>President and Chief Operating Officer (6)</i>	2014	\$350,000	\$87,500	\$262,500	\$262,500	\$262,500	\$91,100	\$1,316,100	
	2013	\$300,000	\$75,000	\$200,000	\$200,000	\$0	\$64,600	\$839,600	
	2012	\$300,000	\$42,000	\$185,000	\$200,000	\$0	\$33,700	\$760,700	
	2011	\$300,000	\$30,600	\$185,000	\$200,000	\$1,808,000	\$23,900	\$2,547,500	
Mark T. Lang									
<i>Group Vice President</i>	2014	\$285,000	\$71,250	\$190,000	\$190,000	\$190,000	\$84,400	\$1,010,650	
	2013	\$275,000	\$68,750	\$183,333	\$183,333	\$0	\$64,400	\$774,816	
	2012	\$275,000	\$38,500	\$169,583	\$183,333	\$0	\$27,600	\$694,016	
	2011	\$275,000	\$28,100	\$166,250	\$180,000	\$904,000	\$17,700	\$1,571,050	
Thomas P. Sullivan									
<i>Vice President of Newport Operations</i>	2014	\$285,000	\$71,250	\$190,000	\$190,000	\$190,000	\$65,700	\$991,950	
	2013	\$250,000	\$62,500	\$166,667	\$166,667	\$0	\$64,600	\$710,434	
	2012	\$250,000	\$35,000	\$154,167	\$166,667	\$0	\$32,500	\$638,334	
	2011	\$250,000	\$25,500	\$152,500	\$125,000	\$882,750	\$20,200	\$1,455,950	

Notes to Target Compensation Table

- (1) Salary increases, if any, for the Named Executive Officers are generally approved at the first Board meeting of each calendar year, and are effective as soon as practicable thereafter. Target salary amounts may therefore not tie to actual salaries shown in the SUMMARY COMPENSATION TABLE below.
- (2) For 2013, the performance-based non-equity compensation opportunity was increased by 5% for all eligible Company employees.
- (3)

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

Represents performance-based RSU awards as described in the Compensation Discussion and Analysis section titled, How are Equity Compensation Awards Determined?

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

- (4) Beginning in 2014, the NEOs will receive annual RSU retention awards equal to their annual performance-based equity compensation opportunity. These retention awards will have both performance-based and time-based vesting requirements. Retention awards for 2011 and 2012 were awarded with assigned RSU amounts and time-based cliff vesting.
- (5) Represents the maximum employer matching contributions made under the Company's 401(k) Plan and accrued dividends paid upon issuance of vested equity awards. Actual All Other Compensation received may include additional fringe benefit items as shown in the SUMMARY ALL OTHER COMPENSATION TABLE below.
- (6) Until January 1, 2014, Mr. Fifer's title was President and Chief Executive Officer and Mr. Killoy's title was Vice President of Sales and Marketing.

2013 SUMMARY COMPENSATION TABLE

The following table summarizes total compensation paid or earned by the Company's Named Executive Officers during 2013.

Named Executive Officer and Principal Position	Year	Cash Compensation			Equity Compensation			All Other Compensation	Total Compensation
		Salary	Profit Sharing (1)	Performance-Based Non-Equity Compensation (2)	Time-Based Stock Option Awards (3)	Performance-Based Stock Awards (4)	Time-Based Stock Awards (5)		
Michael O. Fifer (7)									
President,	2013	\$500,000	\$157,281	\$1,210,000	\$0	\$500,000	\$0	\$137,434	\$2,504,715
Chief Executive Officer and Director	2012	\$500,000	\$124,693	\$1,241,650	\$0	\$500,000	\$2,158,500	\$48,482	\$4,573,325
	2011	\$487,500	\$80,737	\$846,592	\$0	\$375,000	\$2,712,000	\$20,273	\$4,522,102
Thomas A. Dineen									
Vice President,	2013	\$250,000	\$78,641	\$403,333	\$0	\$166,667	\$0	\$63,607	\$962,248
Treasurer and Chief Financial Officer	2012	\$250,000	\$62,347	\$402,992	\$0	\$166,667	\$0	\$44,926	\$926,932
	2011	\$250,000	\$41,216	\$278,770	\$0	\$125,000	\$882,750	\$28,951	\$1,606,687
Christopher J. Killoy									
Vice President of Sales and Marketing	2013	\$300,000	\$94,822	\$486,580	\$0	\$200,000	\$0	\$68,018	\$1,149,420
	2012	\$300,000	\$74,816	\$483,590	\$0	\$200,000	\$0	\$33,659	\$1,092,065
	2011	\$293,750	\$48,612	\$332,925	\$0	\$200,000	\$1,808,000	\$23,940	\$2,707,227
Mark T. Lang									
Group Vice President	2013	\$275,000	\$86,505	\$443,667	\$0	\$183,333	\$0	\$98,708	\$1,087,213
	2012	\$275,000	\$68,581	\$443,291	\$85,000	\$183,333	\$0	\$27,631	\$1,082,836
	2011	\$271,875	\$44,914	\$298,192	\$0	\$180,000	\$904,000	\$17,666	\$1,716,647
Thomas P. Sullivan									
Vice President of Newport Operations	2013	\$250,000	\$78,641	\$403,333	\$0	\$166,667	\$0	\$65,810	\$964,451
	2012	\$250,000	\$62,347	\$402,992	\$0	\$166,667	\$0	\$32,476	\$914,482
	2011	\$250,000	\$41,216	\$278,770	\$0	\$125,000	\$882,750	\$20,204	\$1,597,940

Notes to Summary Compensation Table

- (1) See Compensation Discussion and Analysis section titled, "How are Bonuses and Profit Sharing Determined?" above for an explanation of how the amount of profit sharing is determined and then allocated amongst recipients.

- (2) See Compensation Discussion and Analysis section titled "How are Profit Sharing and Bonuses Determined?" and "TARGET COMPENSATION TABLE" above for further information regarding the Named Executive Officers' performance-based compensation.

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

- (3) This column represents the full grant date fair value of stock options awarded to the Named Executive Officers, calculated in accordance with the provisions of FASB ASC 718. For Mark T. Lang, 2012 amount represents the grant date fair value of stock options awarded as provided under the terms of the 2007 Stock Incentive Plan, to maintain the intrinsic value of Mr. Lang's outstanding option award following issuance of the Company's \$4.50 special cash dividend on December 21, 2012; these options were subject to the terms of the original award.
- (4) See Note 13 of the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 regarding assumptions underlying valuation of equity awards. Any estimate of forfeitures related to service-based vesting conditions are disregarded pursuant to the SEC Rules. See **OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2013 TABLE** below for further information regarding stock options and restricted stock units granted to each Named Executive Officer.
- (5) This column represents time-based long-term retention awards issued in 2011 and 2012 subject to continued employment until, and cliff-vesting as of, December 31, 2015 and December 31, 2016, respectively. The amount of each award was approved by the Board in consideration of the potential impact to the Company's operations and performance in the event that the Named Executive Officer voluntarily left the Company within the next several years. The Compensation Committee and the Board believes that these awards fit into the Company's compensation objectives to retain the talents and experience of exceptional management members who have proven their value toward the long-term success of the Company.
- (6) See **SUMMARY ALL OTHER COMPENSATION TABLE** below for additional information.
- (7) Mr. Fifer's actual compensation for 2011 was 23 times, for 2012 was 22 times, and for 2013 was 26 times the average compensation of the Company's full-time employees excluding Mr. Fifer.

SUMMARY ALL OTHER COMPENSATION TABLE

Named Executive Officer	Year	Change in Pension Value and Non-qualified Deferred Compensation Earnings	Taxable Value of Perquisites Received	Taxable Premiums Paid by the Company and Discretionary for Group Term Life Insurance	Company Matching and 401(k) Plan Contributions	Accrued Dividends Related to Equity Awards	Relocation and Temporary Living and Related Tax Gross-Ups and Commuting Allowance	Total
		(1)	(2)	Insurance	(3)	(4)	(5)	
Michael O. Fifer	2013	\$0	\$0	\$2,322	\$22,950	\$112,162	\$0	\$137,434
	2012	\$3,414	\$1,068	\$2,322	\$20,000	\$21,678	\$0	\$48,482
	2011	\$2,847	\$0	\$276	\$17,150	\$0	\$0	\$20,273
Thomas A. Dineen	2013	\$0	\$0	\$810	\$22,950	\$39,847	\$0	\$63,607
	2012	\$16,592	\$1,789	\$540	\$20,000	\$6,005	\$0	\$44,926
	2011	\$11,681	\$0	\$120	\$17,150	\$0	\$0	\$28,951
Christopher J. Killoy	2013	\$0	\$0	\$3,450	\$22,950	\$41,618	\$0	\$68,018
	2012	\$5,086	\$831	\$1,242	\$20,000	\$6,242	\$258	\$33,659
	2011	\$4,066	\$0	\$276	\$17,150	\$0	\$2,448	\$23,940
Mark T. Lang	2013	\$0	\$0	\$2,322	\$22,950	\$41,464	\$31,972	\$98,708
	2012	\$0	\$0	\$2,322	\$20,000	\$5,309	\$0	\$27,631
	2011	\$0	\$0	\$516	\$17,150	\$0	\$0	\$17,666
Thomas P. Sullivan	2013	\$0	\$0	\$1,242	\$22,950	\$41,618	\$0	\$65,810
	2012	\$3,477	\$1,397	\$1,242	\$20,000	\$6,360	\$0	\$32,476
	2011	\$2,778	\$0	\$276	\$17,150	\$0	\$0	\$20,204

Notes to All Other Compensation Table

- (1) Represents the increased change in pension value for each fiscal year for each of the Named Executive Officers. Negative changes in pension value are not reportable in the above table. The Company's pension plans were frozen, and no further benefit service was accrued, as of January 1, 2008. On December 18, 2013, the Board of Directors voted to terminate the Company's pension plans and settle all benefit obligations under the plans as soon as practicable. For 2013, the change in pension value is calculated based on a 4.75% discount rate, participant ages as of December 31, 2013, frozen accrued benefits as of December 31, 2007 and the IRS 2013

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

Combined Static Mortality Table. See PENSION PLANS and the PENSION BENEFITS TABLE below for additional information. No Named Executive Officer had any deferred compensation.

- (2) Represents the reportable taxable value of Company products received for firearms training, spousal travel and entertainment at offsite management meetings, and travel expenses for executive physicals for each Named Executive Officer. For 2012, includes aggregate amounts under \$10,000 for each of the NEOs.

- (3) Consists of matching contributions made under the Company's 401(k) Plan to the Named Executive Officers who participated in the 401(k) Plan, based on their deferrals for each 401(k) Plan year. Also includes supplemental employer discretionary contributions made to all plan participants.
- (4) Consists of accrued dividends paid upon the March 2, 2013 vesting and conversion of RSUs awarded in lieu of 15% of each Named Executive Officer's 2009 annual performance cash bonus.
- (5) For Christopher J. Killoy, consists of the taxable value of commuting allowance at one-half the I.R.S. approved mileage rate. For Mark T. Lang, consists of relocation expenses. Commuting allowance and relocation expenses reimbursements are not subject to gross-up for taxes by the Company.

GRANTS OF PLAN BASED AWARDS TABLE

The following Grants of Plan-Based Awards table accompanies the Summary Compensation Table and provides additional detail regarding grants of incentive-plan based equity awards made in 2013.

Named Executive Officer	Grant Date	Time-Based Stock Option Awards	Performance-Based Restricted Stock Unit Awards (1)	Time-Based Restricted Stock Unit Awards	Exercise Price of Option Awards or Base Price of Stock Awards (2)	Grant Date Fair Value (3)
					(\$/Share)	
Michael O. Fifer	3/5/13		8,677		\$57.63	\$500,000
Thomas A. Dineen	3/5/13		2,892		\$57.63	\$166,667
Christopher J. Killoy	3/5/13		3,471		\$57.63	\$200,000
Mark T. Lang	3/5/13		3,181		\$57.63	\$183,333
Thomas P. Sullivan	3/5/13		2,892		\$57.63	\$166,667

Notes to Grant of Plan-Based Awards Table

- (1) RSU awards made in 2013 with both performance-based and three-year cliff vesting triggers. See Compensation Discussion and Analysis section titled "How are Equity Compensation Awards Determined" and TARGET COMPENSATION TABLE above for further information regarding the Named Executive Officers' performance-based RSU compensation.
- (2) The base price of the performance-based RSU awards described in footnote (1) above was the mean of the highest and lowest sales price of the Common Stock as of the date of grant.
- (3) Amounts shown represent the total grant date fair value calculated in accordance with the provisions of FASB ASC 718, and are shown at the maximum unit value expected upon achievement of the performance or time-based goals of the awards. See Note 13 of the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 regarding assumptions underlying valuation of equity awards. Any estimate of forfeitures related to service-based vesting conditions are disregarded pursuant to the SEC Rules.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2013 TABLE

The following table reflects outstanding equity grants as of December 31, 2013 for the Named Executive Officers.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2013				
Named Executive Officer	Description of Awards (1)(2)	Number of Shares or Units of Stock That Have Not Vested	STOCK AWARDS	
			Grant Date Value of Shares or Units of Stock That Have Not Vested (3)	Market Value of Shares or Units of Stock That Have Not Vested (4)
Michael O. Fifer	2013 Performance RSUs	8,677	\$500,000	\$634,201
	2012 Performance RSUs	11,582	\$500,000	\$846,528
	2012 Retention RSUs	50,000	\$2,158,500	\$3,654,500
	2011 Retention RSUs	150,000	\$2,712,500	\$10,963,500
	2011 Performance RSUs	15,393	\$375,000	\$1,125,074
Thomas A. Dineen	2013 Performance RSUs	2,892	\$166,667	\$211,376
	2012 Performance RSUs	3,861	\$166,667	\$282,200
	2011 Retention RSUs	37,500	\$882,750	\$2,740,875
	2011 Performance RSUs	5,131	\$125,000	\$375,024
Christopher J. Killoy	2013 Performance RSUs	3,471	\$200,000	\$253,695
	2012 Performance RSUs	4,633	\$200,000	\$338,625
	2011 Retention RSUs	100,000	\$1,808,000	\$7,309,000
	2011 Performance RSUs	8,209	\$200,000	\$599,995
Mark T. Lang	2013 Performance RSUs	3,181	\$183,333	\$232,499
	2012 Performance RSUs	4,247	\$183,333	\$310,413
	2011 Retention RSUs	50,000	\$904,000	\$3,654,500
	2011 Performance RSUs	7,389	\$180,000	\$540,062
Thomas P. Sullivan	2013 Performance RSUs	2,892	\$166,667	\$211,376
	2012 Performance RSUs	3,861	\$166,667	\$282,200
	2011 Retention RSUs	37,500	\$882,750	\$2,740,875
	2011 Performance RSUs	5,131	\$125,000	\$375,024

Notes to Outstanding Equity Awards at Fiscal Year End Table

(1)

Awards include option or restricted stock unit awards as shown below:

- Performance-based RSUs: Performance-based RSUs awarded in 2011, 2012 and 2013 with both performance triggers and three-year time-based triggers. In 2012, the performance-based trigger for the 2011 awards was determined by the Board of Directors to have been achieved, and the awards were therefore vested and issued on March 1, 2014. In 2013, the performance-based trigger for the 2012 awards was determined by the Board of Directors to have been achieved, and the awards will therefore vest on February 28, 2015. In 2014, the performance-based trigger for the 2013 awards was determined by the Board of Directors to have been achieved and the awards will therefore vest on March 5, 2016.
- Time-Based RSUs: Time-based long-term retention awards subject to continued employment until, and cliff-vesting as of, December 31, 2015 and December 31, 2016, respectively.

- (2) There were no outstanding option awards for the NEOs as of December 31, 2013.
- (3) Amounts shown represent the full grant date fair value of the awards calculated in accordance with the provisions of FASB ASC 718, and are shown at the maximum unit value expected upon achievement of the time-based goals of the awards.
- (4) Amounts shown represent the fair market value of the awards based on the \$73.09 closing price of the Company's Common Stock on December 31, 2013.

OPTION EXERCISES AND STOCK VESTED IN 2013 TABLE

The following table sets forth the value of equity realized by the Named Executive Officers upon exercise of vested options or the vesting of restricted stock units that converted into shares of stock during 2013. (For further information on stock options and grants made in 2013 to the Named Executive Officers, see the GRANTS OF PLAN-BASED AWARDS TABLE above.)

<u>Named Executive Officer</u>	<u>Option Awards</u>		<u>Stock Awards</u>	
	<u>Number of Shares Acquired on Exercise</u> <u>(1)</u>	<u>Value Realized Upon Exercise</u> <u>(2)</u>	<u>Number of Shares Acquired Upon Vesting</u> <u>(1)</u>	<u>Value Realized Upon Vesting</u> <u>(2)</u>
Michael O. Fifer			16,347	\$916,903
Thomas A. Dineen			5,807	\$325,715
Christopher J. Killoy			6,065	\$340,186
Mark T. Lang	21,820	\$1,049,978	6,043	\$338,952
Thomas P. Sullivan			6,065	\$340,186
Total	21,820	\$1,049,978	40,327	\$2,261,942

Notes to Options Exercised and Stock Vested Table

- (1) The amounts shown represent the aggregate gross number of shares acquired by the Named Executive Officers upon the exercising of stock options and/or the vesting of stock awards. The Named Executive Officers elected to make cashless exercises or conversions, whereby the exercise price and withholding taxes related to the exercise or issuance were paid with shares based on the closing price of the Common Stock on the exercise or issuance.
- (2) The amounts shown represent the aggregate dollar amount realized by the Named Executive Officers upon the exercising of stock options and/or the vesting of stock awards. The aggregate dollar amount realized upon the exercise of stock options is calculated by determining the difference between the closing price of the Common Stock at exercise and the exercise price of the options. The aggregate dollar amount realized upon the vesting of stock awards is calculated by multiplying the number of shares of stock vested by the closing price of the Common Stock on the vesting date.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Payments on Change in Control

In the event of a potential change in control of the Company, it is vitally important that executives be able to continue working in the best interest of our stockholders. For that reason, the Company has entered into severance agreements with the Named Executive Officers designed to provide salary and medical benefit continuance in the event of the termination of his employment under certain circumstances. The Company's severance agreements are not employment contracts and do not specify an employment term, compensation levels or other terms or conditions of employment. There are also change-in-control provisions in both the stock option and restricted stock agreements.

Covered Terminations and Severance Payments Pursuant to Change in Control Agreements

Each of the Named Executive Officers' severance agreements provide for the following severance benefits, if during the term of the agreement: (A) he is terminated without cause or (B) there is a Change in Control and a subsequent reduction of his salary or a diminution of his duties and thereafter he terminates his employment within 90 days. In the situation described in clause (A) above, he will receive a lump sum cash payment equal to 12 months of his annual base salary, if employed for less than five years, or 18 months of his annual base salary if employed for five or more years, and continued insurance benefits. Mr. Fifer's severance agreement provides for 18 months of his annual base salary. In the situation described in clause (B) above, the Named Executive Officer will receive a lump sum cash payment equal to 18 months of his annual base salary and 100% of his target cash bonus and continued insurance benefits. In both cases, such continued insurance benefits are to be paid to the Named Executive Officer net of employee contributions for a period equal to the number of months of severance pay.

In all cases, payment of severance benefits will be subject to the six-month deferral requirements under the IRS Tax Code Section 409A. All of the severance agreements have a one-year term, subject to automatic renewal on each anniversary of its date unless (A) the Named Executive Officer gives notice of his intention to terminate his employment, or (B) the Company gives notice of its intention not to renew the agreement at least one year in advance. The amount of severance and benefits are generally determined based on competitive market practices for executives at this level. The Compensation Committee also takes into consideration that executives at this level generally require a longer timeframe to find comparable jobs because there are fewer jobs at this level in the market and often have a large percentage of their personal wealth dependent on the status of the Company, given the fact that a large part of their compensation is equity-based.

Change in Control Events and Severance Benefits Not Covered by the Severance Agreements

The 2007 Stock Incentive Plan provides for accelerated vesting of stock awards that the executive has already received, not for additional payments. The 2007 Stock Incentive Plan has a single trigger change in control accelerated vesting component, which will apply unless, in the case of a merger or acquisition of the Company by another business entity, the surviving, continuing, or purchasing corporation assumes the awards previously issued under that plan.

Change in Control Definition

Generally, under the severance agreements and the 2007 Stock Incentive Plan, a Change in Control will be deemed to have occurred:

- When any person acquires a significant percentage of the voting power of the Company (25% or more under the 2007 Stock Incentive Plan);
- If a majority of the Board members change, unless the new Directors are elected or nominated for election by at least two-thirds of the existing Board members;
- Upon the acquisition of the Company; or
- Upon the liquidation or dissolution of the Company (with approval of the stockholders).

Termination by Death or Disability

In the event of death or disability, executives receive no payment other than through life insurance or disability insurance available to salaried employees generally. Under the 2007 Stock Incentive Plan, vested options are exercisable in the case of death or disability within the greater of: 30 days, or one-fourth of the length of time elapsed since the options first vested to the date of termination. In no case can options be exercised beyond the expiration date of the award. Subject to the terms of the award agreement, performance-based restricted stock unit awards that have met the performance-based trigger and retention awards will become issuable in the event of disability or death.

In the event of termination by death or disability, the executive or his or her estate will receive his or her bonus to the extent earned.

Termination by Retirement

Executives were eligible to participate in the Company's Pension Plan until December 31, 2007, the effective date of the plan's freeze. None of the Named Executive Officers was eligible for normal retirement, and none of the Named Executive Officers accrued service under the Pension Plan beyond December 31, 2007. Employees are eligible for normal retirement when they have worked for the Company for at least five years and reached age 65. Pension benefits are described under "PENSION PLANS" below. Under the 2007 Stock Incentive Plan, vested options awarded to the Named Executive Officers are exercisable in the case of retirement within the greater of: 30 days, or one-fourth of the length of time elapsed since the options first vested to the date of retirement. In no case can options be exercised beyond the expiration date of the award. Subject to the terms of the award agreement, performance-based restricted stock unit awards that have met the performance-based trigger will become issuable in the event of retirement. Retention awards will be forfeited in the event of retirement before their vesting date.

In the event of termination by retirement, the executive will receive his or her bonus to the extent earned.

Voluntary and Involuntary Termination

The severance benefits for the Named Executive Officers include base salary and medical insurance continuation in cases of termination without cause for a minimum of 12 months and a maximum of 18 months. Mr. Fifer's severance agreement provides for 18 months of his annual base salary in the event of his termination without cause. Under the 2007 Stock Incentive Plan, vested options awarded to the Named Executive Officers are exercisable in the case of voluntary termination or involuntary termination without cause within the greater of: 30 days, or one-fourth of the length of time elapsed since the options first vested to the date of termination. Options cannot be exercised beyond the expiration date of the award. In the case of termination for cause, an employee's stock options terminate immediately. None of the Named Executive Officers have options as of December 31, 2013. Performance-based restricted stock unit awards will terminate upon the date of voluntary or involuntary termination, whether or not the award has met the performance-based trigger. In the case of involuntary termination without cause, retention awards will be issuable based on the number of days of service elapsed since the award date divided by the number of days from the award date to the full vesting date.

If any employee voluntarily or involuntarily without cause terminates his or her employment the employee, will receive his or her bonus to the extent earned. If an employee is terminated for cause, any bonus is forfeited.

Retention and Transition Agreements

The Company may enter into retention or transition agreements from time to time with executives who retire or voluntarily terminate their employment with the Company in order to facilitate the management transition of the executives' areas of responsibility. There are no retention or transition agreements in effect.

POTENTIAL AND ACTUAL PAYMENTS UNDER SEVERANCE AGREEMENTS TABLE

The table below sets forth the terms and estimated potential payments and benefits provided in each termination circumstance for the Company's Named Executive Officers as of December 31, 2013. The potential amounts shown in the table do not include payments and benefits to the extent that they are provided on a non-discriminatory basis to the Company's salaried employees generally.

Named Executive Officer	Severance Agreement	Performance-Based Non-Equity Compensation Payment (1)	Number of Equity Awards-That Vest (2)	Continuation of Medical Welfare Benefits (3)	Aggregate Payments (4)
Michael O. Fifer					
Change In Control	\$750,000	\$750,000	235,652	\$35,334	\$1,535,334
Termination without Cause	\$750,000	\$0	110,000	\$35,334	\$785,334
Retirement	n/a	\$500,000	35,652	\$0	\$500,000
Death or Disability	n/a	\$500,000	235,652	\$0	\$500,000
Thomas A. Dineen					
Change In Control	\$375,000	\$250,000	49,384	\$35,334	\$660,334
Termination without Cause	\$375,000	\$0	22,500	\$35,334	\$410,334
Retirement	n/a	\$166,667	11,884	\$0	\$166,667
Death or Disability	n/a	\$166,667	49,384	\$0	\$166,667
Christopher J. Killoy					
Change In Control	\$450,000	\$300,000	116,313	\$35,334	\$785,334
Termination without Cause	\$450,000	\$0	60,000	\$35,334	\$485,334
Retirement	n/a	\$200,000	16,313	\$0	\$200,000
Death or Disability	n/a	\$200,000	116,313	\$0	\$200,000
Mark T. Lang					
Change In Control	\$412,500	\$275,000	64,817	\$35,334	\$722,834
Termination without Cause	\$412,500	\$0	30,000	\$35,334	\$447,834
Retirement	n/a	\$183,333	14,817	\$0	\$183,333
Death or Disability	n/a	\$183,333	64,817	\$0	\$183,333
Thomas P. Sullivan					
Change In Control	\$375,000	\$250,000	49,384	\$35,334	\$660,334
Termination without Cause	\$375,000	\$0	22,500	\$35,334	\$410,334
Retirement	n/a	\$166,667	11,834	\$0	\$166,667
Death or Disability	n/a	\$166,667	49,384	\$0	\$166,667

Notes to Potential and Actual Payments Under Severance Agreements Table

- (1) The performance-based non-equity compensation payment under Retirement or Death or Disability shall be prorated to the extent earned during the partial year prior to Retirement or Death or Disability. The amount shown is the nominal bonus at 100% achievement of goals for a full 12 months.
- (2) Includes number of options awarded under the Company's 2007 Stock Incentive Plans that have not yet vested. Also includes RSU awards subject to vesting.
- (3) Includes continuation of health insurance coverage assuming family coverage for potential severance recipients.
- (4) Aggregate payments exclude number of options or RSUs that vest.

PENSION PLANS

All employees, including the individuals named in the Summary Compensation Table, are eligible to participate in the Company's 401(k) Plan, subject to IRS plan limits. The 401(k) Plan provides participation and immediate vesting upon three months of service, a safe harbor match for all participants and supplemental discretionary employer contributions for all eligible employees.

Until January 1, 2008, all of the Company's salaried employees participated in the Sturm, Ruger & Company, Inc. Salaried Employees Retirement Income Plan (the Pension Plan), a defined benefit pension plan, which generally provides annual pension benefits at age 65 in the form of a straight life annuity in an amount equal to: 1-1/3% of the participant's final average salary (highest 60-consecutive-month average annualized base pay during the last 120 months of employment) less 0.65% of the participant's Social Security covered compensation, multiplied by the participant's years of credited service up to a maximum of 25 years.

On October 1, 2007, the Pension Plan was frozen by the Board of Directors so that participants will no longer accrue additional service under the plan after December 31, 2007. In lieu of continued benefit accruals under the Pension Plan, as of January 1, 2008, the Company began making supplemental discretionary contributions for all eligible employees under its 401(k) Plan in addition to the safe harbor employer match contributed on behalf of eligible 401(k) Plan participants. On December 18, 2013, the Board of Directors voted to terminate the Pension Plan and settle all benefit obligations under the plan as soon as practicable.

The Sturm, Ruger & Company, Inc. Supplemental Executive Retirement Plan (the SERP) is a nonqualified supplemental retirement plan for certain senior executives of the Company who have achieved the rank of Vice President or above and who are selected by the Compensation Committee. No active employees participated in the SERP in 2013.

The SERP generally provides an annual benefit beginning at age 65, the normal retirement age under the SERP, based upon a participant's completed years of service with the Company as of such age. The maximum benefit under the SERP is equal to 50% of the participant's average annual compensation, including base pay, bonuses and other incentive compensation, up to \$400,000. All SERP benefits are reduced by the amount the participant is entitled to receive under the Pension Plan, and are further reduced by the amount of Social Security benefit the participant is entitled to receive commencing at age 65. The SERP benefit is payable as an annuity over the life of the participant, with 50% to continue for the life of the participant's surviving spouse after the participant's death. Pre-retirement death or disability benefits are also provided to plan participants under the SERP.

2013 PENSION BENEFITS TABLE

The following table sets forth the present value of pension benefits accrued by, and actual benefits paid in 2013 to the Named Executive Officers under the Pension Plan.

<u>Named Executive Officers</u>	<u>Salaried Employees Retirement Income</u>		
	<u>Credited Service (Years)</u>	<u>Plan (1) Present Value of Accumulated Plan Benefits</u>	<u>Payments During Last Fiscal Year</u>
	<u>(2)</u>	<u>(3)</u>	
Michael O. Fifer	1.3	\$18,613	\$0
Thomas A. Dineen	10.6	\$62,493	\$0
Christopher J. Killoy	2.2	\$25,796	\$0
Mark T. Lang	0	\$0	\$0
Thomas P. Sullivan	1.4	\$17,018	\$0

Notes to Pension Benefits Table

- (1) The Pension Plan was frozen by the Board of Directors as of January 1, 2008, with the continued accrual of benefits suspended under the Plan as of December 31, 2007. On December 18, 2013, the Board of Directors voted to terminate the Pension Plan and settle all benefit obligations under the Pension Plan as soon as practicable.
- (2) The maximum years of credited service earned under the Pension Plan.
- (3) The present value of accumulated benefits under the Pension Plan is calculated assuming a discount rate of 4.75%, the IRS 2013 Combined Static Mortality Table, the participant's age as of December 31, 2013 and frozen accrued plan benefits as of December 31, 2007.

STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS FOR 2015

To be considered for inclusion in the Proxy Statement distributed by the Company in connection with next year's Annual Meeting of Stockholders, stockholder proposals must be submitted in writing to the Company delivered or mailed by first class United States mail, postage prepaid, no earlier than January 6, 2015 (120 days prior to the first anniversary of this year's Annual Meeting of Stockholders), and no later than February 5, 2015 (90 days prior to the first anniversary of this year's Annual Meeting of Stockholders). Any stockholder proposal to be considered at next year's Annual Meeting of Stockholders, but not included in next year's Proxy Statement, must also be submitted in writing to the Company by February 10, 2015.

Recommendations for nominees to stand for election as Directors at next year's Annual Meeting of Stockholders must be received in writing delivered or mailed by first class United States mail, postage prepaid, no earlier than January 6, 2015 (120 days prior to the first anniversary of this year's Annual Meeting of Stockholders), and no later than February 5, 2015 (90 days prior to the first anniversary of this year's Annual Meeting of Stockholders) and include the information as required under THE BOARD OF DIRECTORS AND ITS COMMITTEES Nominating and Corporate Governance Committee described above.

All stockholder proposals or Director nominations should be submitted to Leslie M. Gasper, Corporate Secretary, Sturm, Ruger & Company, Inc., Lacey Place, Southport, Connecticut 06890.

STOCKHOLDER AND INTERESTED PARTY COMMUNICATIONS WITH THE BOARD OF DIRECTORS

The Board has adopted a method by which stockholders and interested parties can send communications to the Board. Stockholders and interested parties may communicate in writing any questions or other communications to the Chairman or non-management Directors of the Board through the following methods:

- by contacting the Corporate Secretary at Sturm, Ruger & Company, Inc., 1 Lacey Place, Southport, CT 06890;
- by telephone at (203) 259-7843, extension 33224;
- by fax at (203) 256-3367; or
- by calling the Company's corporate communications telephone hotline at 1-800-826-6762 or via the hotline website at www.ruger.alertline.com. These hotlines are monitored 24 hours a day, 7 days a week.

Stockholders or interested parties may also communicate in writing any questions or other communications to the management Directors of the Board in the same manner.

Stockholders may contact the Corporate Secretary at (203) 259-7843 or Computershare Investor Services, LLC, which is the Company's stock transfer agent, at (312) 360-5190 or www.computershare.com for questions regarding routine stockholder matters.

OTHER MATTERS

Management of the Company does not intend to present any business at the Meeting other than as set forth in Proposal 1, 2 and 3 of the attached Notice of Annual Meeting of Stockholders, and it has no information that others will present any other business at the Meeting. If other matters requiring the vote of the stockholders properly come before the Meeting, it is the intention of the persons named in the proxy to vote the shares represented thereby in accordance with their judgment on such matters.

The Company, upon written request, will provide without charge to each person entitled to vote at the Meeting a copy of its Annual Report on Securities and Exchange Commission Form 10-K for the year ended December 31, 2013, including the financial statements and financial statement schedules. Such requests may be directed to Leslie M. Gasper, Corporate Secretary, Sturm, Ruger & Company, Inc., Lacey Place, Southport, Connecticut 06890.

BY ORDER OF THE BOARD OF DIRECTORS

Leslie M. Gasper
Corporate Secretary

Southport, Connecticut
March 27, 2014



IMPORTANT ANNUAL MEETING INFORMATION

Electronic Voting Instructions

You can vote by Internet or telephone!
Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 6, 2014.

Vote by Internet

Go to **www.envisionreports.com/RGR**
Or scan the QR code with your smartphone
Follow the steps outlined on the secure website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

Annual Meeting Proxy Card

6IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.6

Election of Directors The Board of Directors unanimously recommends a Vote FOR the election of six Directors:
1. Nominees:

	For	Withhold		For	Withhold		For	Withhold
01 - C. Michael Jacobi	<input type="radio"/>	<input type="radio"/>	02 - John A. Cosentino, Jr.	<input type="radio"/>	<input type="radio"/>	03 - Amir P. Rosenthal	<input type="radio"/>	<input type="radio"/>
04 - Ronald C. Whitaker	<input type="radio"/>	<input type="radio"/>	05 - Phillip C. Widman	<input type="radio"/>	<input type="radio"/>	06 - Michael O. Fifer	<input type="radio"/>	<input type="radio"/>

Issues The Board of Directors unanimously recommends a Vote FOR proposals 2 and 3.

	For	Against	Abstain		For	Against	Abstain
2. The ratification of the appointment of McGladrey LLP as the Independent Auditors of the Company for the 2014 fiscal year.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	3. An advisory vote on the compensation of the Company's Named Executive Officers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Non-Voting Items

Change of Address Please print new address below.

Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

When shares are held by joint tenants, both should sign. When signing as an attorney, as executor, administrator, trustee or guardian, please give your full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.
Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

6 IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

Proxy STURM, RUGER & COMPANY, INC.

LACEY PLACE, SOUTHPORT, CONNECTICUT 06890

**This Proxy is Solicited on Behalf of the Board of Directors
for the Annual Meeting of Stockholders to be held on May 6, 2014.**

The undersigned hereby appoints Michael O. Fifer and Leslie M. Gasper as Proxies, each with the full power to appoint his or her substitute, and hereby authorizes them to represent and to vote, as designated below, all the shares of Common Stock of Sturm, Ruger & Company, Inc. (the Company), held of record by the undersigned on March 17, 2014 at the Annual Meeting of Stockholders to be held on May 6, 2014 or any adjournment or postponement thereof.

The proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR the election of all Directors, FOR Proposal 2 and 3 and at their discretion on any other matter that may properly come before the meeting. Please sign exactly as name appears on other side of this proxy form.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY FORM PROMPTLY USING THE ENCLOSED ENVELOPE.

(Continued and to be signed on reverse side.)

IMPORTANT ANNUAL MEETING INFORMATION

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Election of Directors The Board of Directors unanimously recommends a Vote FOR the election of six Directors:
 1. Nominees:

	For	Withhold		For	Withhold		For	Withhold
01 - C. Michael Jacobi	<input type="radio"/>	<input type="radio"/>	02 - John A. Cosentino, Jr.	<input type="radio"/>	<input type="radio"/>	03 - Amir P. Rosenthal	<input type="radio"/>	<input type="radio"/>
04 - Ronald C. Whitaker	<input type="radio"/>	<input type="radio"/>	05 - Phillip C. Widman	<input type="radio"/>	<input type="radio"/>	06 - Michael O. Fifer	<input type="radio"/>	<input type="radio"/>

Issues The Board of Directors unanimously recommends a Vote FOR proposals 2 and 3.

	For	Against	Abstain		For	Against	Abstain
2. The ratification of the appointment of McGladrey LLP as the Independent Auditors of the Company for the 2014	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	3. An advisory vote on the compensation of the Company's Named Executive Officers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Edgar Filing: STURM RUGER & CO INC - Form DEF 14A

fiscal year.

Any other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

When shares are held by joint tenants, both should sign. When signing as an attorney, as executor, administrator, trustee or guardian, please give your full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

6 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

Proxy STURM, RUGER & COMPANY, INC.

LACEY PLACE, SOUTHPORT, CONNECTICUT 06890

**This Proxy is Solicited on Behalf of the Board of Directors
for the Annual Meeting of Stockholders to be held on May 6, 2014**

The undersigned hereby appoints Michael O. Fifer and Leslie M. Gasper as Proxies, each with the full power to appoint his or her substitute, and hereby authorizes them to represent and to vote, as designated below, all the shares of Common Stock of Sturm, Ruger & Company, Inc. (the Company), held of record by the undersigned on March 17, 2014 at the Annual Meeting of Stockholders to be held on May 6, 2014 or any adjournment or postponement thereof.

The proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR the election of all Directors, FOR Proposal 2 and 3 and at their discretion on any other matter that may properly come before the meeting. Please sign exactly as name appears on other side of this proxy form.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY FORM PROMPTLY USING THE ENCLOSED ENVELOPE.

(Continued and to be signed on reverse side.)
