CARNIVAL CORP
Form 8-K
February 16, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): February 10, 2005

CARNIVAL CORPORATION (Exact name of registrant as specified in its charter)	CARNIVAL PLC (Exact name of registrant as specified in its charter)
REPUBLIC OF PANAMA (State or other jurisdiction of incorporation)	ENGLAND AND WALES (State or other jurisdiction of incorporation)
1-9610 (Commission File Number)	1-15136 (Commission File Number)
59-1562976 (I.R.S. Employer Identification No.)	NONE (I.R.S. Employer Identification No.)
3655 N.W. 87TH AVENUE, MIAMI, FLORIDA 33178-2428 (Address of principal executive offices) (Zip code)	CARNIVAL HOUSE 5 GAINSFORD STREET LONDON SE1 2NE, ENGLAND (Address of principal executive offices) (Zip code)
(305) 599-2600 (Registrant's telephone number, including area code)	011 44 20 7940 5381 (Registrant's telephone number, including area code)
NONE (Former name or former address, if changed since last report)	NONE (Former name or former address, if changed since last report)

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

[_] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[_] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[_] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[_] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On February 10, 2005, Costa Crociere S.p.A. ("Costa") entered into an agreement with Pier Luigi Foschi, a current executive officer of Carnival Corporation & plc and a member of its boards of directors (the "Agreement"). Pursuant to the Agreement, Mr. Foschi will act as Chairman and Managing Director of Costa. He will be paid an annual base salary of Euro 757,000, less applicable taxes and social security contributions. Mr. Foschi will also be entitled to receive a performance-related annual cash bonus of Euro 669,000, plus additional amounts based on a year-over-year percentage increase in the consolidated net income of Costa, subject to a limit of 20% per year on a compounded basis. Mr. Foschi will also receive certain additional benefits, including the use of a company car, the use of company-provided accommodations and insurance coverage.

The Agreement contains certain customary non-competition and non-solicitation provisions, which are effective during the term of the Agreement and for a period of three years after the termination of the Agreement. Mr. Foschi will receive non-competition compensation of Euro 115,000 per year during the term of the Agreement. If Mr. Foschi does not comply with the non-competition provisions, he must pay to Costa a penalty of Euro 230,000 and indemnify Costa for any additional damages suffered by it. The Agreement also contains certain customary confidentiality provisions.

The term of the Agreement is twelve months, effective from December 1, 2004. The Agreement shall be automatically renewed for successive twelve-month terms unless written notice of non-renewal is provided by either party within sixty days of the expiration of the term. The Company shall have the right to terminate the Agreement at any time during its term (including any renewal thereof) if Mr. Foschi breaches his obligations under the Agreement or is revoked as a director for cause pursuant to the Italian Civil Code. If the Company terminates the Agreement for any other reasons, Mr. Foschi is entitled to receive a termination payment equal to his base annual salary, plus the amount of his bonus for the previous financial year and his annual non-competition compensation (the "Termination Payment"). If Mr. Foschi terminates the Agreement upon a change of control of Costa, Mr. Foschi is entitled to the Termination Payment unless he enters into an alternative contractual arrangement with Costa or the new controlling group. In the event that Mr. Foschi resigns with cause under Italian law from the office of director, for reasons other than a change in control, he shall also be entitled to the Termination Payment.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

EXHIBIT	DESCRIPTION
99.1	Letter Agreement, dated February 10, 2005, between Costa Crociere S.p.A. and Pier Luigi Foschi.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report on Form 8-K to be signed on its behalf by the undersigned, hereunto duly authorized.

CARNIVAL CORPORATION	CARNIVAL PLC
/s/ Gerald R. Cahill	/s/ Gerald R. Cahill
Name: Gerald R. Cahill Title: Executive Vice President and Chief Financial and Accounting Officer	Name: Gerald R. Cahill Title: Executive Vice President and Chief Financial and Accounting Officer
Date: February 16, 2005	Date: February 16, 2005

scope of the audit and considers comments made by the independent auditors. In addition to out-of-pocket expenses related to attendance at meetings, Messrs. Hornor, Cunniff and Kelley each received $4,000 for services rendered on such Committee in 2001. The Audit Committee held four meetings during 2001. The "Report of the Audit Committee" is included in this annual Proxy Statement. The Audit Committee is governed by a written charter which was adopted by the Board of Directors on May 11, 2000 and reaffirmed on May 3, 2001. A copy of this charter is included in this annual Proxy Statement as Exhibit A. In 2001, the members of the Compensation Committee were Paul X. Kelley, Richard T. Cunniff and James E. Service. The function of the Compensation Committee is to fix the salaries and bonuses of the executive officers of the Company and the compensation of the Company's Directors. In addition to out-of-pocket expenses related to attendance at meetings, Messrs. Kelley and Cunniff each received $1,000, and Admiral Service received $0, for services rendered on such committee in 2001. The Compensation Committee held one meeting during 2001. The "Compensation Committee Report on Executive Compensation" is included in this annual Proxy Statement. The Board of Directors held four meetings during 2001. All Directors attended at least seventy-five percent (75%) of the aggregate of the total number of meetings of the Board of Directors. With the exception of Admiral Service, who did not attend the Compensation Committee meeting, all Directors attended all meetings held by all committees of the Board of Directors on which each such Director served. 5 COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION* Overall Policy The Company's executive compensation program is designed to reflect both corporate performance and individual responsibilities and performance. The Compensation Committee administers the Company's overall compensation strategy in an attempt to relate executive compensation appropriately to the Company's overall growth and success and to the executive's duties and demonstrated abilities. The objectives of this strategy are to attract and retain the best possible executives, to motivate these executives to achieve the Company's business goals and to provide a compensation package that recognizes individual contributions as well as overall business results. The Compensation Committee and the Board of Directors as a whole have ultimate responsibility for executive compensation. These reviews permit an ongoing evaluation of the relationship between the size and scope of the Company's operations, its performance and its executive compensation. The Compensation Committee also considers the legal and tax effect (including, without limitation, the effects of Section 162(m) of the Internal Revenue Code of 1986, as amended) of the Company's executive compensation program in order to provide the most favorable legal and tax consequences for the Company and its executive officers. The Compensation Committee determines the compensation of the Company's executive officers, including the individuals whose compensation is detailed in this proxy statement. The key elements of the Company's executive compensation consist of base salary, annual bonus and stock options, as discussed below. Base Salaries Base salaries for executive officers are determined by considering historical salaries paid by the

Company to officers having certain duties and responsibilities and then evaluating the current responsibilities of the position, the scope of the operations under management and the experience of the individual. Salary adjustments are determined by evaluating on an individual basis new responsibilities of the executive's position, changes in the scope of the operations managed, the performance of such operations, the performance of the executive in the position and annual increases in the cost of living. Annual Bonus The Company's executive officers are eligible for an annual cash bonus. Annual bonuses are determined on the basis of corporate performance. The most significant corporate performance measure for bonus payments is earnings of the Company. In determining annual bonuses, the Compensation Committee considers the views of the Chief Executive Officer and discusses with him the appropriate bonuses for all officers. Stock Options Under the Company's 1998 Stock Incentive Plan, stock options may be granted to the Company's executive officers. The Compensation Committee sets guidelines for the size of stock option awards 6 based on factors similar to those used to determine base salaries and annual bonuses. Stock options are designed to align the interests of executives with those of the stockholders. Under the 1998 Stock Incentive Plan, stock options are typically granted with an exercise price equal to the market price of the Company's common stock on the date of grant and vest over time. This approach is designed to encourage the creation of stockholder value over the long term since the full benefit of the compensation package cannot be realized unless stock price appreciation occurs over time. Chief Executive Officer's Compensation Following William B. Ruger, Jr.'s appointment as Chief Executive Officer on October 24, 2000, the Compensation Committee reviewed Mr. Ruger, Jr.'s compensation as well as the compensation of the Company's other executive officers who had been assigned positions of increased responsibility. Based on the Committee's recommendations as a result of this review, the Board of Directors approved an increase to William B. Ruger, Jr.'s base salary from $225,000 per year to $400,000. Prior to October 24, 2000, Mr. Ruger, Jr.'s base salary had not increased since January 1, 1998. Conclusion Through the programs described above, a significant portion of the Company's executive compensation is linked directly to individual and corporate performance. The Compensation Committee intends to continue the policy of linking executive compensation to corporate and individual performance, recognizing that the ups and downs of the business cycle from time to time may result in an imbalance for a particular period. COMPENSATION COMMITTEE Paul X. Kelley, Committee Chairman Richard T. Cunniff James E. Service January 31, 2002 COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION The members of the Compensation Committee of the Company's Board of Directors for the year 2001 were those named above in the Compensation Committee Report on Executive Compensation. No member of the Committee was at any time during the year 2001 or at any other time an officer or employee of the Company. No executive officer of the Company has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers serving as a member of the Board of Directors. * 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 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 filed under the Acts. 7 EXECUTIVE COMPENSATION SUMMARY COMPENSATION TABLE The following table sets forth certain information with respect to the compensation for calendar years 2001, 2000 and 1999 for the Company's Chief Executive Officer and the three highest paid executive officers other than the Chief Executive Officer whose salary and bonus exceed $100,000. ANNUAL COMPENSATION LONG TERM COMPENSATION OTHER ALL ANNUAL OTHER COMPEN- COMPEN- NAME AND SALARY(1) BONUS SATION(2) SATION(3),(4) PRINCIPAL POSITION YEAR $ $ $ $ ---- --------- ---------- ---------- -------------- William B. Ruger, Jr. - 2001 $408,000 $ 52,000 $ 25,657 $ 60,792 Chairman of the Board of 2000 265,813 129,000 10,203 43,220 Directors and Chief Executive 1999 233,500 125,000 7,553 35,502 Officer as of October 24, 2000. Prior thereto, Vice Chairman, Senior Executive Officer and President. Director. Erle G. Blanchard - 2001 $283,000 $ 32,700 $ 30,677 $ 81,734 (5) Vice Chairman, President, Chief 2000 167,500 79,000 23,105 64,508 (5) Operating Officer and 1999 140,000 75,000 17,273 70,728 (5) Treasurer as of October 24, 2000. Prior thereto, Vice President and Controller. Director. Stephen L. Sanetti - 2001 $283,000 $ 39,000 $ 36,801 $ 41,526 Vice Chairman, Senior 2000 202,167 99,000 27,047 30,154 Executive Vice President and 1999 183,000 95,000 22,148 26,816 General Counsel as of October 24, 2000. Prior thereto, Vice President and General Counsel. Director. Leslie M. Gasper - 2001 $91,250 $ 10,800 $ 12,212 $ 13,868 Corporate Secretary 2000 77,875 26,000 10,847 11,861 1999 70,000 24,000 0 10,764 8 (1) Includes Director's Fees. (2) The amounts set forth in this column represent "gross-ups" for taxes incurred on benefits received pursuant to the Company's Supplemental Executive Profit Sharing

Plan (the "Supplemental Plan"). (3) The amounts set forth in this column represent benefits received pursuant to the Company's Salaried Employees' Profit Sharing Plan, Supplemental Plan, and taxable premiums paid by the Company for group term life insurance for the named individuals, respectively, as follows: William B. Ruger, Jr., 2001 - $25,500, $34,500 and $792, 2000 - $25,500, $13,172 and $792 , 1999 - $24,000, $9,750 and $972; Erle G. Blanchard, 2001 - $0, $41,250 and $436, 2000 - $0, $24,881 and $276, 1999 - $2,400, $18,600 and $426; Stephen L. Sanetti, 2001 - $0, $41,250 and $276, 2000 - $0, $29,125 and $276, 1999 - $2,400, $23,850 and $369; Leslie M. Gasper, 2001 - $0, $13,688 and $180, 2000 - $0, $11,681 and $180, 1999 - $10,500, $0 and $264. (4) The amounts set forth in this column also include the taxable value and "gross-ups" for taxes for Company products given to the named individuals respectively, as follows: William B. Ruger, Jr., 2001 - $0 and $0, 2000 - $2,650 and $1,106, 1999 - $550 and $230; Erle G. Blanchard, 2001 - $0 and $0, 2000 - $497 and $256, 1999 - $130 and $67; Stephen L. Sanetti, 2001 - $0 and $0, 2000 - $497 and $256, 1999 - $130 and $67; Leslie M. Gasper, 2001 - $0 and $0, 2000 - $0 and $0, 1999 - $0 and $0. (5) The amounts set forth in this column for Erle G. Blanchard also include the taxable value of moving expenses and "gross-ups" for taxes related to moving expenses reimbursed to Mr. Blanchard, respectively, as follows: 2001 - $31,005 and $9,043, 2000 - $29,800 and $8,798, 1999 - $32,721 and $16,384. 9 2001 OPTION GRANTS - 1998 STOCK INCENTIVE PLAN The following table sets forth certain information regarding stock options granted during 2001 under the 1998 Stock Incentive Plan by the Company to the executive officers named in the Summary Compensation Table. POTENTIAL REALIZABLE VALUE AT INDIVIDUAL GRANTS ASSUMED INTEREST RATES OF -- STOCK PRICE APPRECIATION FOR NUMBER OF PERCENT OF OPTION TERM (3) SECURITIES TOTAL OPTIONS ------------------------------- UNDERLYING GRANTED TO EXERCISE OPTIONS EMPLOYEES IN OR GRANTED (1) FISCAL YEAR BASE PRICE(2) EXPIRATION @5% @10% # % $/SHARE DATE $ $ NAME ---------------- -------------- ------------- ----------- --------- ----------------- William B. Ruger, Jr. 0 0.0% n/a n/a n/a n/a Erle G. Blanchard 0 0.0% n/a n/a n/a n/a Stephen L. Sanetti 0 0.0% n/a n/a n/a n/a Leslie M. Gasper 0 0.0% n/a n/a n/a n/a (1) All options vest in five equal annual installments. (2) The exercise price is the closing price of the Common Stock as of the date of grant. (3) Amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These gains are based on assumed annual rates of share price appreciation mandated by the Securities and Exchange Commission of 5% and 10% of the fair value of the Common Stock on the date of grant of the options, compounded annually from the date of the grant to the option expiration date. The gains shown are net of the option exercise price, but do not include deductions for taxes or other expenses associated with the exercise. Actual gains, if any, are dependent upon the performance of the Common Stock and the date on which the option is exercised. There can be no assurance that the values reflected will be achieved. 10 AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES The following table sets forth certain information regarding stock options granted under the 1998 Stock Incentive Plan which were exercised during Fiscal 2001 by executive officers of the Company named in the Summary Compensation Table. NUMBER OF SECURITIES UNDERLYING UNEXERCISED VALUE OF UNEXERCISED SHARES OPTIONS/SARS AT IN-THE-MONEY OPTIONS/SARS AT ACQUIRED ON VALUE FISCAL YEAR-END FISCAL YEAR-END EXERCISE REALIZED EXERCISABLE/UNEXERCISABLE (1) EXERCISABLE/UNEXERCISABLE (2) NAME # $ # # William B. Ruger, Jr. 0 $ 0.00 150,000 / 100,000 $ 6,375/$4,250 Erle G. Blanchard 0 0.00 120,000 / 80,000 5,100/3,400 Stephen L. Sanetti 0 0.00 120,000 / 80,000 5,100/3,400 Leslie M. Gasper 0 0.00 30,000 / 20,000 1,275/850 (1) Stock options awarded December 31, 1998 under the 1998 Stock Incentive Plan at an exercise price of $11.9375 per share. (2) Value is based on the difference between the closing price of the Common Stock on December 31, 2001, $11.98, and the exercise price on the date of grant. 11 PENSION PLAN TABLE Estimated Amounts of Annual Pension Payable from the Salaried Employees' Retirement Income Plan for the Participant's Life, HIGHEST 60-CONSECUTIVE-MONTH YEARS OF CREDITED SERVICE AVERAGE ANNUALIZED BASE PAY 15 YEARS 20 YEARS 25 YEARS $ 75,000 $ 11,372 $ 15,162 $ 18,953 100,000 16,372 21,829 27,286 125,000 21,372 28,496 35,620 150,000 26,372 35,162 43,953 All of the Company's salaried employees participate in the Sturm, Ruger & Company, Inc. Salaried Employees' Retirement Income Plan (the "Pension Plan"), which in general provides annual pension benefits at age 65 in an amount equal to: (i) 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 (ii) the participant's years of credited service up to a maximum of 25 years. The pensions listed in the table above are not subject to any offset or deduction for Social

Security or any other benefits. As of December 31, 2001, William B. Ruger, Jr. and Leslie M. Gasper each had more than 25 years of credited service, and Erle G. Blanchard and Stephen L. Sanetti each had 21 years of credited service. An indication of the average annualized base pay under the Pension Plan for these individuals can be found in the Salary column of the Summary Compensation Table. 12 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN TABLE Estimated Amounts of Annual Plan Benefit Payable from the Supplemental Executive Retirement Plan for the Participant's Life, Commencing During 2001 at Age 65 YEARS OF CREDITED SERVICE AVERAGE ANNUAL COMPENSATION 15 YEARS 20 YEARS 25 YEARS $125,000 $ 5,196 $ 13,072 $ 20,948 150,000 9,196 18,406 27,615 175,000 13,196 23,739 34,282 200,000 17,196 29,072 40,948 225,000 21,196 34,406 47,615 250,000 28,196 43,739 59,282 300,000 43,196 63,739 84,282 400,000 73,196 103,739 134,282 The Sturm, Ruger & Company, Inc. Supplemental Executive Retirement Plan (the "SERP") is a nonqualified supplemental retirement plan for certain senior executives of the Company. Three of the executive officers who appear in the Summary Compensation Table, William B. Ruger, Jr., Erle G. Blanchard and Stephen L. Sanetti participate in the SERP. The SERP provides an annual benefit beginning at age 65 in an amount equal to 2% of the participant's average annual compensation for each complete year of service with the Company up to a maximum of 50% of such average compensation. The annual benefit is reduced by the amount the participant is entitled to receive under the Pension Plan, and is 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. The average annual compensation shown in the above table includes the participant's base pay, bonuses and other compensation for the participant's highest consecutive 36 months of service (or, if the participant's service was less than 36 months, then for the entire period of service) as reported in the Summary Compensation Table, except that benefits received under the Salaried Employees' Profit Sharing Plan and taxable premiums paid by the Company for group term life insurance are excluded from the SERP compensation formula. The annual compensation upon which the SERP benefit is calculated is limited to $400,000. As of December 31, 2001, William B. Ruger, Jr. had more than 25 years of credited service, and Erle G. Blanchard and Stephen L. Sanetti each had 21 years of credited service. The estimated amounts presented above assume that the participant attained age 65 in 2001. John M. Kingsley, Jr., a Company Director who retired as Executive Vice President of the Company on December 31, 1996, received $139,200 in benefits from the SERP during 2001. 13 The SERP provides that in the event of a change in control of the Company participants in pay status shall be entitled to receive a lump-sum payment equal to the present value of the participant's benefit. Those not in pay status shall become fully vested and generally, if terminated within three years of a change in control, become entitled to a lump-sum payment. The payment shall be computed based upon the participant's average compensation and years of service with the Company on the date of change in control (provided, however, that in the event of a change in control, the participant's years of service with the Company for purposes of computing the benefit amount shall not be less than ten). A change in control is defined to mean the effective date of one of the following events: (i) sale or exchange of substantially all of the capital stock of the Company; (ii) sale of substantially all of the assets of the Company; (iii) sale of substantially all of the capital stock of the Company owned of record and beneficially held by William B. Ruger and members of his family; or (iv) the merger or consolidation of the Company with or into one or more other corporations; and, in each of such four cases, the sale of stock or assets is to, or the exchange of stock is with, or the merger or consolidation is with or into one or more persons, firms or corporations which does not own at least 10% of the capital stock of the Company. 14 COMPANY STOCK PRICE PERFORMANCE COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN* Sturm, Ruger & Company, Inc., Standard & Poor's 500 and Value Line Recreation Industry Index (Performance Results Through 12/31/01) [TIMELINE BAR CHART] Assumes $100 invested at the close of trading 12/96 in Sturm, Ruger & Company, Inc. Common Stock, Standard & Poor's 500, and Value Line Recreation Industry Index. *Cumulative total return assumes reinvestment of dividends. Source: Value Line, Inc. Factual material is obtained from sources believed to be reliable, but the publisher is not responsible for any errors or omissions contained herein. 1996 1997 1998 1999 2000 2001 Sturm, Ruger & Company, Inc. 100.00 99.36 67.71 54.59 61.22 83.94 Standard & Poor's 500 100.00 133.23 171.07 205.77 184.90 160.79 Value Line Recreation Industry 100.00 160.43 193.90 249.48 256.69 363.72 The peer group in the above graph is the Value Line Recreation Industry. PRINCIPAL STOCKHOLDERS The following table sets forth as of February 1, 2002 the ownership of Common Stock by each person of record or known by the Company to own beneficially more than 5% of such stock. NAME AND ADDRESS OF BENEFICIAL OWNER SHARES BENEFICIALLY PERCENT OF

CLASS OWNED William B. Ruger 4,272,000(1) 15.87% P.O. Box 447 Newport, NH 03773 William B. Ruger, Jr. 7,046,000(2) 26.18% P.O. Box 293 Newport, NH 03773 Carolyn R. Vogel 5,022,000(3) 18.66% P.O. Box 906 Harrisville, NH 03450 Ruger Business 4,272,000(4) 15.87% Holdings, L.P. Ruger Management, Inc. Lacey Place Southport, CT 06490 (1) Includes 4,272,000 shares of Common Stock held in the name of Ruger Business Holdings, L.P., of which Mr. Ruger is the sole limited partner and Ruger Management, Inc. is the sole general partner. Ruger Management, Inc. is collectively owned by William B. Ruger, Jr. and Carolyn Ruger Vogel (son and daughter of William B. Ruger). Messrs. Ruger, Ruger, Jr. and Mrs. Vogel have shared investment and voting control with respect to such 4,272,000 shares of Common Stock. (2) Includes 4,272,000 shares of Common Stock as disclosed in footnote (1) above. Also includes 800,000 shares of Common Stock owned directly by Mr. Ruger, Jr., and 1,824,000 shares of Common Stock held by a trust of which Mr. Ruger, Jr. is a trustee. Mr. Ruger, Jr. has sole investment and voting control with respect to such 2,624,000 shares. Also includes 150,000 shares of Common Stock subject to options currently exercisable or which will become exercisable within 60 days of February 1, 2002 under the 1998 Stock Incentive Plan. (3) Includes 4,272,000 shares of Common Stock as disclosed in footnote (1) above. Also includes 750,000 shares of Common Stock owned directly by Mrs. Vogel. Mrs. Vogel has sole investment and voting control with respect to such 750,000 shares. (4) Represents the 4,272,000 shares of Common Stock disclosed in footnote (1) above. 16 SECURITY OWNERSHIP OF MANAGEMENT The following table sets forth certain information as of February 1, 2002 as to the number of shares of Common Stock beneficially owned by the Chief Executive Officer of the Company, each of the three most highly compensated executive officers of the Company other than the Chief Executive Officer, and all Directors and executive officers of the Company as a group. See ELECTION OF DIRECTORS above for such information with respect to each Director of the Company. NAME OF BENEFICIAL OWNER* SHARES BENEFICIALLY PERCENT OF CLASS OWNED William B. Ruger, Jr. 7,046,000(1),(2) 26.18% Erle G. Blanchard 127,000(3) ** Stephen L. Sanetti 152,000(4) ** Leslie M. Gasper 30,049(5) ** All Directors and executive 7,446,709 27.67% officers as a group (6 non-officer Directors, 3 Directors who were also executive officers during 2001 and 1 other executive officer) * The address of each of the executive officers named in this Security Ownership of Management table is c/o Sturm, Ruger & Company, Inc., Lacey Place, Southport, Connecticut 06490. * *Beneficial owner of less than 1% of the outstanding Common Stock of the Company. (1) Includes 4,272,000 shares of Common Stock held in the name of Ruger Business Holdings, L.P., of which William B. Ruger is the sole limited partner and Ruger Management, Inc. is the sole general partner. Ruger Management, Inc. is collectively owned by William B. Ruger, Jr. and Carolyn Ruger Vogel (son and daughter of William B. Ruger). Messrs. Ruger, Ruger, Jr. and Mrs. Vogel have shared investment and voting control with respect to such 4,272,000 shares of Common Stock. (2) Includes 4,272,000 shares of Common Stock as disclosed in footnote (1) above. Also includes 800,000 shares of Common Stock owned directly by Mr. Ruger, Jr., and 1,824,000 shares of Common Stock held by a trust of which Mr. Ruger, Jr. is a trustee. Mr. Ruger, Jr. has sole investment and voting control with respect to such 2,624,000 shares. Also includes 150,000 shares of Common Stock subject to options currently exercisable or which will become exercisable within 60 days of February 1, 2002 under the 1998 Stock Incentive Plan. (3) Includes 7,000 shares of Common Stock held by Mr. Blanchard as trustee of a revocable trust for the benefit of Mr. Blanchard and his spouse. Also includes 120,000 shares of Common Stock subject to options currently exercisable or which will become exercisable within 60 days of February 1, 2002 under the 1998 Stock Incentive Plan. (4) Includes 32,000 shares of Common Stock held directly by Mr. Sanetti. Also includes 120,000 shares of Common Stock options currently exercisable or which will become exercisable within 60 days of February 1, 2002 under the 1998 Stock Incentive Plan. (5) Includes 49 shares of Common Stock held under the CT Gift to Minors Act for the benefit of Ms. Gasper's two minor daughters. Also includes 30,000 shares of Common Stock options currently exercisable or which will become exercisable within 60 days of February 1, 2002 under the 1998 Stock Incentive Plan. 17 SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE Section 16(a) of the Securities Exchange Act of 1934 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 Securities and Exchange Commission and the New York Stock Exchange. Officers, Directors and greater than ten percent stockholders are required by Securities and Exchange Commission regulation 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, 2001 through December 31, 2001, all such forms were filed in a timely manner by the

Company's officers, Directors and greater than ten percent beneficial owners. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS William B. Ruger, Chairman Emeritus of the Board of Directors and former Chief Executive Officer, serves as a consultant to the Company. For his services in this capacity, Mr. Ruger receives $20,000 per month and during 2001 received a total of $240,000. During 2001, the Company paid Newport Mills, of which William B. Ruger, Jr. is the sole proprietor, $243,750 for storage rental. During 2001, the Company also paid Mr. Ruger, Jr. $19,500 for the rental of office space owned by Mr. Ruger, Jr. in Newport, New Hampshire. Stanley B. Terhune, a Director and former Vice President of the Company, serves as a consultant to the Company. For his services in this capacity, Mr. Terhune receives $100 per hour and during 2001 received a total of $65,975, including bonuses. 18 REPORT OF THE AUDIT COMMITTEE* During fiscal 2001, Townsend Hornor, Richard T. Cunniff and Paul X. Kelley served on the Audit Committee (the "Committee"), with Mr. Hornor serving as Chairman. Each of Messrs. Hornor, Cunniff and Kelley is an "independent director" as defined in Rule 4200(a)(15) of the National Association of Securities Dealers, Inc. listing standards. Under the guidance of a written charter adopted by the Board of Directors, the Committee oversees the Company's financial reporting process on behalf of the Board of Directors. A copy of the charter is included in this Proxy Statement as Exhibit A. 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 Committee reviewed 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. The Committee reviewed with the independent auditors, who are responsible for expressing an opinion of 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 Statement on Auditing Standards No. 61 (Communication with Audit Committees). In addition, the Committee has discussed with the independent auditors the auditors' independence from management and the Company including the matters in the written disclosures required by Independence Standard Board Standard No. 1 (Independence Discussions with Audit Committees), and considered the compatibility of non-audit services with the auditors' 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 2001. 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, 2001 for filing with the Securities and Exchange Commission. The Committee and the Board have also recommended, subject to shareholder approval, the selection of the Company's independent auditors. AUDIT COMMITTEE Townsend Hornor, Committee Chairman Richard T. Cunniff Paul X. Kelley March 26, 2002 * 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 filed under the Acts. 19 PROPOSAL NO. 2 APPROVAL OF INDEPENDENT AUDITORS Effective August 27, 2001, the Audit Committee of the Company dismissed Ernst & Young LLP and appointed KPMG LLP as its independent auditors. This change was the result of an extensive search made at the request of the Audit Committee to review the services and costs associated with the external audit function. Subject to the ratification of the stockholders, the Board of Directors has reappointed KPMG LLP as the Company's independent auditors for the 2002 fiscal year. Ernst & Young LLP's report on the Company's financial statements for the past two years did not contain an adverse opinion, disclaimer of opinion, or qualification or modification as to uncertainty, audit scope, or accounting principles. During the two most recent fiscal years and the subsequent interim period preceding August 27, 2001, there have been no disagreements with Ernst & Young LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Ernst & Young LLP, would have caused it to make reference to the subject matter of the disagreement in connection with its report. The Company (or someone on its behalf) has not consulted KPMG LLP during the two most recent fiscal years and the subsequent interim period preceding August 27, 2001 regarding the application of accounting principles to a specified transaction or the type of audit opinion that might be rendered on the Company's financial statements. Audit

Fees Ernst & Young LLP's aggregate fees, including expenses reimbursed, for professional services rendered for the audit of the Company's financial statements for 2001 and the reviews of the Company's quarterly financial statements for the year 2001 to August 27, 2001 were $54,500. KPMG LLP's aggregate fees, including expenses reimbursed, for professional services rendered for the audit of the Company's financial statements for 2001 and the reviews of the Company's quarterly financial statements for the year 2001 from August 27, 2001 were $178,250. Audit Related Fees Ernst & Young LLP's aggregate fees, including expenses reimbursed, for audit related services for the year 2001 to August 27, 2001 were $39,500, and included audits of certain employee benefit plan financial statements. KPMG LLP's aggregate fees, including expenses reimbursed, for audit related services for the year 2001 from August 27, 2001 were $5,000. 20 Financial Information Systems Design and Implementation Fees Ernst & Young LLP or KPMG LLP did not provide services related to financial information systems design and implementation to the Company for the year 2001. All Other Fees Ernst & Young LLP's aggregate fees, including expenses reimbursed, for services rendered to the Company other than for services described above, for the year 2001 to August 27, 2001 were $37,500. KPMG LLP's aggregate fees, including expenses reimbursed, for services rendered to the Company other than for services described above, for the year 2001 from August 27, 2001 were $0. The Company's Audit Committee has considered whether the provision of the non-audit related services provided by Ernst & Young LLP and KPMG LLP to the Company is compatible with maintaining the independence of each accounting firm. Representatives of KPMG 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. THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL NO. 2. 21 PROPOSAL NO. 3 STOCKHOLDER PROPOSAL The Sinsinawa Dominicans, Inc. of River Forest, Illinois (hereinafter referred to as the "Proponent"), which owns the requisite shares of Common Stock for such purposes, has notified the Company that they intend to present the following proposal at the Annual Meeting. The proposal as submitted, reads as follows: "STURM - RUGER REPORT ON GUN POLICIES & PROCEDURES WHEREAS: Violence in the United States has become a topic of debate and a major concern for all; 30,000 Americans die annually by gunfire, including 4,000 children and teenagers; There are now some 190 million firearms in civilian hands; the Bureau of Alcohol, Tobacco and Firearms estimates that approximately 4.3 million guns were sold in the U.S. in 1997; The debate and concern includes questions about the promotion and sale of firearms by gun manufacturers; The Unites States leads the industrial world in firearms violence of all types: homicides, suicides and unintentional deaths; Most of this violence involves the use of handguns. On average, handguns are used in nearly 70% of firearms suicides and 80% of firearm homicides; Handguns are easily concealed, engineered for maximum lethality, relatively inexpensive, and easy to acquire; Sturm Ruger is the largest manufacturer of guns in the United States; in its 50-year history, Sturm Ruger has built 16 million firearms that include 50 different models; Gun manufacturers are not solely responsible for violence with firearms, but do bear some responsibility to make efforts, wherever possible, to prevent the misuse of their products; Sturm Ruger, in its contracts for the year 2000, has stated that its firearms should be supplied only to federally licensed firearms dealers selling exclusively from their regular place of business; THEREFORE, BE IT RESOLVED: Shareholders request the Board of Directors to provide a comprehensive report on company policies and procedures aimed at stemming the incidence of gun violence in the United States. The report, prepared at reasonable cost and omitting proprietary information, would be available to stockholders six months after the 2002 annual meeting. 22 SUPPORTING STATEMENT This report could include, but not be limited to, a description of: - Clarification of our company's contract instruction to distributors not to sell Sturm Ruger weapons at gun shows or through pawn shops; - Recalls or retro-fits of products with safety related defects causing death or serious injury to consumers, as well as development of systems to identify and remedy these defects; - Names and descriptions of products that are developed or are being developed for a combination of higher caliber/maximum capacity (which would yield maximum power) and greater concealability; - Our company's involvement in promotion campaigns that could be construed as aimed at children or based on the development of fear by the target audience. We urge shareholder support for this resolution." The Company will provide information to stockholders regarding the address and number of shares of Common Stock held by the Proponent promptly upon receipt of an oral or written request for such information. POSITION OF THE BOARD OF DIRECTORS The Board of Directors recommends a vote "AGAINST" the above proposal. It is virtually identical to the proposal submitted by the same proponent in 2001, which received less than 6% of the votes cast on the proposal. The Company of course does not condone violence involving any misuse of firearms, but we believe that the intentional criminal misuse of firearms is beyond our control. Further, we believe that the overall objectives of the proposal are already being met.

Firearms safety has always been the Company's goal. Furthermore, as shareholders who follow this Company well know, our commitment to firearms safety and responsibility is sincere, long-standing, and effective. Firearms accident claims with our products are at a twenty-five year low. Since this proposal was overwhelmingly rejected by the shareholders last year, the National Safety Council has reported that firearms accidents nationwide have decreased 25% between 1999 and 2000, and their rate has dropped 67% since 1990. According to the Council's report "Injury Facts - 2001 Edition": "the numbers of homicide, suicide, and unintentional deaths by firearms have decreased in each of the last five years. Compared to 1993, homicides were down 35%, suicides were down 8%, and unintentional deaths decreased 43%." 23 Our high-quality firearms are engineered for safety, strength, reliability, durability, and accuracy. We voluntarily limited the magazine capacity of our firearms over a decade ago, well in advance of the 1994 Federal law. We do not make "Saturday Night Specials" or "Assault Weapons". Our products employ numerous safety devices appropriate to their designs. We have spent many millions of dollars voluntarily offering new gun locks and free safety upgrades to owners of our older products, including our "old model" single action revolver safety conversion, which has been the most widespread industry firearm safety program during the last twenty years. Our safety warnings appear in many publications and on the radio, television and the Internet. Our advertising and promotional material is designed to be product-oriented and technical in nature. Our only advertising and promotion directed toward younger shooters has been directly safety-related, and we do not run product advertising in any youth-oriented publications or media. We do not engage in any "fear-based advertising". Since 1987, the Company has voluntarily shipped its pistols and revolvers in lock boxes and with a padlock, and since 1999 has shipped its rifles and shotguns with cable type locking devices. We are in the process of voluntarily exchanging older locks for newer locks at no cost to our customers. In 2002, we will begin utilizing gun locks which have been approved by the State of California after the most rigorous testing of any state in the nation. Our Distributor Terms and Conditions explicitly state that our firearms may only be resold to bonafide federally licensed firearms dealers with a regular place of commercial business. Since 1989, we have supported instantaneous electronic background checks for all retail firearm purchases. Like many companies, we receive proposals from well-meaning stockholders. Many are commendable, and their objectives are often aligned with our values. We share the goal of firearms safety raised by this proposal, but we believe that there are appropriate safety practices and procedures in place. We will address appropriately any future challenges. "Stemming the incidence of gun violence in the United States", however, must remain first and foremost a law enforcement issue. THE BOARD OF DIRECTORS THEREFORE AGAIN RECOMMENDS A VOTE "AGAINST" PROPOSAL NO. 3. 24 STOCKHOLDER PROPOSALS FOR 2003 In order to be included in the proxy materials for the Company's next Annual Meeting of Stockholders, stockholder proposals must be received by the Company on or before November 25, 2002. OTHER MATTERS Management of the Company does not intend to present any business at the Meeting other than as set forth in Items 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, 2001, including the financial statements and financial statement schedules. Such requests should be directed to Leslie M. Gasper, Corporate Secretary, Sturm, Ruger & Company, Inc., Lacey Place, Southport, Connecticut 06490. BY ORDER OF THE BOARD OF DIRECTORS /s/ Leslie M. Gasper ---------------------------- Leslie M. Gasper Corporate Secretary Southport, Connecticut March 26, 2002 25 EXHIBIT A STURM, RUGER & COMPANY, INC. AUDIT COMMITTEE CHARTER ADOPTED APRIL 11, 2000 REAFFIRMED MAY 3, 2001 Organization This charter governs the operations of the Audit Committee (the "Committee"). The Committee shall review and reassess the charter annually and obtain the approval of the Board of Directors. The Committee shall be appointed by the Board of Directors and shall comprise at least three Directors, each of whom are independent of management and the Company. Members of the Committee shall be considered independent if they have no relationship that may interfere with the exercise of their independence from management and the Company. All Committee members shall be financially literate (or shall become financially literate within a reasonable period of time after appointment to the Committee), and at least one member shall have accounting or related financial management expertise. (1) Statement of Policy The Audit Committee shall provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to the

Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company's financial statements, and the legal compliance and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, and management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the power to retain outside counsel, or other experts for this purpose. Responsibilities and Processes The primary responsibility of the Audit Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of their activities to the Board. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements. The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior. 1 The following shall be the principal recurring processes of the Audit Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the Committee may supplement them as appropriate. - The Committee shall have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Board and the Audit Committee, as representatives of the Company's shareholders. The Committee shall have the ultimate authority and responsibility to evaluate and, where appropriate, replace the independent auditors. The Committee shall discuss with the auditors their independence from management and the Company and the matters included in the written disclosures required by the Independence Standards Board. Annually, the Committee shall review and recommend to the Board the selection of the Company's independent auditors, subject to shareholder approval. - The Committee shall discuss with the independent auditors the overall scope and plans for their audit. Also, the Committee shall discuss with management and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's system to monitor and manage business risk, and legal and ethical compliance programs. Further, the Committee shall have the opportunity to meet with the independent auditors, with and without management present, to discuss the results of their examinations. - The Committee shall discuss with management, on an annual basis, the overall plans and findings of its internal audit function. As the internal audit function will be coordinated and carried out by members of the Company's finance staff, the Committee is empowered to meet with any member of the finance staff, with and without members of management present, to discuss the results of their examinations. - The Committee shall review the interim financial statements prior to the filing of the Company's Quarterly Report on Form 10-Q when such review is deemed necessary. Also, the Committee shall discuss the results of the quarterly review and any other matters when such communication is deemed appropriate. The chair of the Committee may represent the entire Committee for the purposes of these reviews and discussions. - The Committee shall review the financial statements to be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K). This review will encompass the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. The Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. Also, the Committee shall recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K. (1) The Board of Directors shall review each individual's qualifications upon nomination to the Audit Committee to ensure that the "financial literacy" and "accounting or related management expertise" criteria, when applicable, are satisfied. 2 DIRECTIONS TO THE STURM, RUGER & COMPANY, INC. ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, MAY 9, 2002 AT 10:30 A.M. AT THE LAKE SUNAPEE COUNTRY CLUB 100 COUNTRY CLUB LANE NEW LONDON, NEW HAMPSHIRE 03257 (603) 526-6040 FROM NEW YORK (APPROXIMATELY 5 HOURS BY CAR) - 1) Take Interstate 95 North to Interstate 91 North in New Haven, Connecticut. 2) Follow I-91 through Massachusetts to Interstate 89 at White River Junction, Vermont. 3) Take I-89 South to Exit 11. Turn left at end of ramp, go straight 1 -1/2 miles to 2nd flashing light. Fairway Motel and entrance to Lake Sunapee Country Club is on the right. 4) Turn right into entrance; proceed approximately 1/4 mile to LAKE SUNAPEE COUNTRY CLUB INN. FROM BOSTON (APPROXIMATELY 1 3/4 HOURS BY CAR) - 1) Take Interstate 93 North from Boston to Interstate 89 North in Concord, New Hampshire. 2) In Concord, take I-89 North to

Exit 11. Turn right at end of ramp, go straight 1 -1/2 miles to 2nd flashing light. Fairway Motel and entrance to Lake Sunapee Country Club is on the right. 3) Turn right into entrance; proceed approximately 1/4 mile to LAKE SUNAPEE COUNTRY CLUB INN. FROM MANCHESTER AIRPORT (APPROXIMATELY 1 HOUR BY CAR) - 1) When leaving Manchester Airport, turn right onto Brown Street (residential). Go right onto Route 293/101 East, then left to Interstate 93 North toward Concord, New Hampshire. 2) In Concord, take Interstate 89 North to Exit 11. Turn right at end of ramp, go straight 1 -1/2 miles to 2nd flashing light. Fairway Motel and entrance to Lake Sunapee Country Club is on the right. 3) Turn right into entrance; proceed approximately 1/4 mile to LAKE SUNAPEE COUNTRY CLUB INN. PROXY PROXY STURM, RUGER & COMPANY, INC. LACEY PLACE, SOUTHPORT, CONNECTICUT 06490 THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 9, 2002 The undersigned hereby appoints William B. Ruger, Jr., Erle G. Blanchard 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 15, 2002 at the Annual Meeting of Stockholders to be held on May 9, 2002 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 "AGAINST" Proposal 3. 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.) STURM, RUGER & COMPANY, INC. PLEASE MARK VOTE IN BOX IN THE FOLLOWING MANNER USING DARK INK ONLY [X] A. ELECTION OF DIRECTORS 1. The Board of Directors unanimously recommends a Vote FOR the election of ten Directors: FOR WITHHOLD FOR WITHHOLD William B. Ruger [ ] [ ] Townsend Hornor [ ] [ ] William B. Ruger, Jr. [ ] [ ] Paul X. Kelley [ ] [ ] Erle G. Blanchard [ ] [ ] John M. Kingsley, Jr. [ ] [ ] Stephen L. Sanetti [ ] [ ] James E. Service [ ] [ ] Richard T. Cunniff [ ] [ ] Stanley B. Terhune [ ] [ ] B. ISSUES The Board of Directors unanimously recommends a Vote: FOR AGAINST ABSTAIN 2. FOR The approval of the appointment of [ ] [ ] [ ] KPMG LLP as the independent auditors of the Company for the 2002 fiscal year. FOR AGAINST ABSTAIN 3. AGAINST The Stockholder Proposal for a [ ] [ ] [ ] "Report on Gun Policies and Procedures. FOR AGAINST ABSTAIN 4. In their discretion, the Proxies are authorized [ ] [ ] [ ] to vote upon such other business as may properly come before the meeting. Dated: , 2002 ------------------------------------ Signature(s): ------------------------------------ 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.