STURM RUGER & CO INC
Form 10-Q
April 28, 2009

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

FORM 10-Q

(Mark One)

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended April 4, 2009

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______________ to _______________

Commission file number 1-10435

STURM, RUGER & COMPANY, INC.
(Exact name of registrant as specified in its charter)

Delaware	06-0633559
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
Lacey Place, Southport, Connecticut	06890
(Address of principal executive offices)	(Zip code)

(203) 259-7843
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer |_|	Accelerated filer |X|
Non-accelerated filer |_|	Smaller reporting company |_|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes |_| No |X|

The number of shares outstanding of the issuer's common stock as of April 4, 2009: Common Stock, $1 par value -19,044,921.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

STURM, RUGER & COMPANY, INC.

CONDENSED BALANCE SHEETS

(Dollars in thousands, except share data)

	April 4
Assets	
Current Assets	
Cash and cash equivalents	$
Short-term investments	
Trade receivables, net	
Gross inventories	
Less LIFO reserve	
Less excess and obsolescence reserve	
Net inventories	
Deferred income taxes	
Prepaid expenses and other current assets	
Total current assets	
Property, plant and equipment	
Less allowances for depreciation	
Net property, plant and equipment	
Deferred income taxes	
Other assets	
Total Assets	$

Note:

The balance sheet at December 31, 2008 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

See notes to condensed financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

STURM, RUGER & COMPANY, INC.

CONDENSED BALANCE SHEETS
(Dollars in thousands, except share data)

	April 4, 2009	December 31, 2008
		(Note)
Liabilities and Stockholders' Equity		
Current Liabilities		
Trade accounts payable and accrued expenses	$ 10,179	$ 10,235
Product liability	531	1,051
Employee compensation and benefits	8,466	7,994
Workers' compensation	4,818	5,067
Income taxes payable	3,200	4,171
Line of credit	--	1,000
Total current liabilities	27,194	29,518
Accrued pension liability	16,918	16,946
Product liability accrual	798	693
Contingent liabilities - Note 8	--	--
Stockholders' Equity		
Common Stock, non-voting, par value $1:		
Authorized shares 50,000; none issued	--	--
Common Stock, par value $1:		
Authorized shares - 40,000,000		
2009 - 22,798,732 issued,		
19,044,921 outstanding		
2008 - 22,798,732 issued,		
19,047,323 outstanding	22,799	22,799
Additional paid-in capital	4,668	2,442
Retained earnings	99,307	93,500
Less: Treasury stock - at cost		
2009 - 3,753,820 shares		
2008 - 3,751,419 shares	(30,167)	(30,153)
Accumulated other comprehensive loss	(22,985)	(22,985)
Total Stockholders' Equity	73,622	65,603
Total Liabilities and Stockholders' Equity	$ 118,532	$ 112,760

Note:

The balance sheet at December 31, 2008 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

See notes to condensed financial statements.

STURM, RUGER & COMPANY, INC.

CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)
(Dollars in thousands, except per share data)

Three Months Ended

	April 4, 2009	March 29, 2008
Net firearms sales	$ 62,227	$ 40,030
Net castings sales	1,302	2,476
Total net sales	63,529	42,506
Cost of products sold	44,003	31,851
Gross profit	19,526	10,655
Expenses:		
Selling	5,445	4,388
General and administrative	4,147	3,941
Other operating expenses, net	500	--
Total operating expenses	10,092	8,329
Operating income	9,434	2,326
Other income:		
Interest (expense) income , net	(18)	163
Other (expense), net	(50)	(147)
Total other (expense) income, net	(68)	16
Income before income taxes	9,366	2,342
Income taxes	3,559	890
Net income	$ 5,807	$ 1,452
Earnings per share		
Basic	$ 0.30	$ 0.07
Diluted	$ 0.30	$ 0.07
Average shares outstanding		
Basic	19,045	20,572
Diluted	19,175	20,606

See notes to condensed financial statements.

STURM, RUGER & COMPANY, INC.

CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
(Dollars in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
Balance at December 31, 2008	$ 22,799	$ 2,442	$ 93,500	$ (30,153)
Net income and comprehensive income	--	--	5,807	--
Stock-based compensation, net of tax	--	920	--	--
Tax benefit from exercise of stock options	--	1,306	--	--
Repurchase of 2,401 shares of common stock	--	--	--	(14)
Balance at April 4, 2009	$ 22,799	$ 4,668	$ 99,307	$ (30,167)

See notes to condensed financial statements.

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STURM, RUGER & COMPANY, INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Dollars in thousands)

	T
	April 4,
Operating Activities	
Net income	$
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	
Deferred income taxes	
Changes in operating assets and liabilities:	
Trade receivables	
Inventories	
Trade accounts payable and accrued expenses	
Product liability	
Prepaid expenses, other assets and other liabilities	(
Income taxes	
Cash provided by operating activities	1
Investing Activities	
Property, plant and equipment additions	(

Purchases of short-term investments	(2
Proceeds from maturities of short-term investments	1
Cash used for investing activities	(1
Financing Activities	
Repayment of line of credit balance	(
Repurchase of common stock	
Cash used for financing activities	(
Decrease in cash and cash equivalents	(
Cash and cash equivalents at beginning of period	
Cash and cash equivalents at end of period	$

See notes to condensed financial statements.

STURM, RUGER & COMPANY, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements.

In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of the results of the interim periods. Operating results for the three months ended April 4, 2009 are not indicative of the results to be expected for the full year ending December 31, 2009. These financial statements have been prepared on a basis that is substantially consistent with the accounting principles applied in our Annual Report on Form 10-K for the year ended December 31, 2008.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Organization:

Sturm, Ruger & Company, Inc. (the "Company") is principally engaged in the design, manufacture, and sale of firearms to domestic customers. Approximately 98% of the Company's total sales for the three months ended April 4, 2009 were firearms sales, and 2% were investment castings sales. Export sales represent less than 3% of total sales. The Company's design and manufacturing operations are located in the United States and almost all product content is domestic. The Company's firearms are sold through a select number of independent wholesale distributors principally to the commercial sporting market.

The Company manufactures investment castings made from steel alloys for internal use in its firearms and utilizes available investment casting capacity to manufacture and sell castings to outside customers.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications:

Certain prior period balances have been reclassified to conform with current year presentation.

Recent Accounting Pronouncements:

In September 2006, FASB issued FAS No. 157, "Fair Value Measurements" (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of FAS 157 were effective for the fiscal year beginning January 1, 2008. The adoption of FAS 157 did not have a material impact on the Company's financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("FAS 141R"). FAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. FAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. FAS 141R is effective for the fiscal year beginning January 1, 2009, and was adopted by the Company in the first quarter of 2009. The adoption of FAS 141R did not have a material impact on the Company's financial position, results of operations and cash flows.

NOTE 3 - INVENTORIES

Inventories are valued using the last-in, first-out (LIFO) method. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs existing at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subject to many factors beyond management's control, interim results are subject to the final year-end LIFO inventory valuation.

Inventories consist of the following (in thousands):

	April 4, 2009	December 31, 2008
Inventory at FIFO		
Finished products	$ 1,987	$ 2,790
Materials and work in process	53,221	57,056

Gross inventories	55,208	59,846
Less: LIFO reserve	(44,089)	(44,338)
Less: excess and obsolescence reserve	(2,807)	(3,569)
Net inventories	$ 8,312	$ 11,939

NOTE 4 - INCOME TAXES

The Company's 2009 effective tax rate differs from the statutory tax rate due principally to state income taxes partially offset by tax benefits related to the American Jobs Creation Act of 2004. The effective income tax rate for the three months ended April 4, 2009 and March 29, 2008 is 38.0%. Income tax payments in the three months ended April 4, 2009 totaled $3.9 million. The Company was not required to make income tax payments in the three months ended March 29, 2008 because of overpayments of estimated taxes in 2007.

The Company files income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2005. In the third quarter of 2007, the Internal Revenue Service (IRS) completed an examination of the Company's Federal income tax return for 2005. The IRS did not propose any adjustments as a result of this examination and has accepted the Company's return as filed. In the first quarter of 2009, the IRS completed an audit of the Company's 2006 and 2007 Federal income tax returns. Adjustments resulting from this examination did not result in a material change to its financial position or results of operations.

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The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," ("FIN 48") on January 1, 2007. Upon the adoption of FIN 48, the Company commenced a review of all open tax years in all jurisdictions. The Company does not believe it has included any "uncertain tax positions" in its Federal income tax return or any of the state income tax returns it is currently filing. The Company has made an evaluation of the potential impact of additional state taxes being assessed by jurisdictions in which the Company does not currently consider itself liable. The Company does not anticipate that such additional taxes, if any, would result in a material change to its financial position. However, the Company anticipates that it is more likely than not that additional state tax liabilities in the range of $0.4 to $0.7 million exist. The Company has recorded $0.4 million relating to these additional state income taxes, including approximately $0.2 million for the payment of interest and penalties. This amount is included in income taxes payable at April 4, 2009. In connection with the adoption of FIN 48, the Company will include interest and penalties related to uncertain tax positions as a component of its provision for taxes.

NOTE 5 - PENSION PLANS

The Company is shifting its retirement benefit focus from defined benefit pension plans to defined contribution retirement plans, utilizing its current 401(k) plan.

In 2007, the Company amended its hourly and salaried defined benefit pension plans so that employees will no longer accrue benefits under them effective December 31, 2007. This action "froze" the benefits for all employees and prevented future hires from joining the plans, effective December 31, 2007.

Currently, the Company provides supplemental discretionary contributions to substantially all employees' individual 401(k) accounts.

In 2009 and future years, the Company may be required to make cash contributions to the two defined benefit pension plans according to the new rules of the Pension Protection Act of 2006. The annual contributions will be based on the amount of the unfunded plan liabilities derived from the frozen benefits and will not include liabilities for any future accrued benefits for any new or existing participants. The total amount of these future cash contributions will be dependent on the investment returns generated by the plans' assets and the then-applicable discount rates used to calculate the plans' liabilities.

There is no minimum required cash contribution for the defined benefit plans for 2009, but there may be such a requirement in future years. The Company expects to voluntarily contribute approximately $2.0 million to the defined benefit plans in 2009, of which $0.2 million was contributed in the first quarter of 2009. The intent of this discretionary contribution is to reduce the amount of time that the Company will be required to continue to operate the frozen plans. The ongoing cost of running the plans (even if frozen) is approximately $200,000 per year, which includes PBGC premiums, actuary and audit fees, and other expenses.

In the first quarter of 2009, the Company settled $2.0 million of pension liabilities through the purchase of group annuities. This transaction resulted in an insignificant actuarial gain.

In February 2008, the Company made lump sum benefit payments to two participants in its only non-qualified defined benefit plan, the Supplemental Executive Retirement Plan. These payments, which totaled $2.1 million, represented the actuarial present value of the participants' accrued benefit as of the date of payment. Only one, retired participant remains in this plan.

The estimated cost of the frozen defined benefit plans is $2 million, of which $0.2 million was recognized in the first quarter of 2009.

Costs attributable to the supplemental discretionary 401(k) plan totaled $0.5 million for the three months ended April 4, 2009. The Company plans to contribute an additional $1.5 million to the plan during the remainder of 2009.

NOTE 6 - SHARE BASED PAYMENTS

In April 2007, the Company adopted and the shareholders approved the 2007 Stock Incentive Plan (the "2007 SIP") under which employees, independent contractors, and non-employee directors may be granted stock options, restricted stock, deferred stock awards, and stock appreciation rights, any of which may or may not require the satisfaction of performance objectives. Vesting requirements will be determined by the Compensation Committee or the Board of Directors. The Company has reserved 2,550,000 shares for issuance under the 2007 SIP.

In April 2008, a total of 18,222 deferred stock awards were issued to non-employee directors, which vested in April 2009. Compensation expense related to these awards is being amortized ratably over the vesting period. The total compensation expense related to these awards was $0.1 million.

A summary of changes in options outstanding under the Plans is summarized below:

	Shares	Weighted Average Exercise Price	Grant Date Fair Value
Outstanding at December 31, 2008	1,420,250	$ 9.02	$ 3.99
Granted	65,900	$ 8.69	$ 4.57
Exercised	--	--	--
Expired	--	--	--
Outstanding April 4, 2009	1,486,150	$ 9.00	$ 4.08

The aggregate intrinsic value (mean market price at April 4, 2009 less the weighted average exercise price) of options outstanding under the Plans was approximately $4.0 million.

The aggregate compensation expense for the options granted in the three months ended April 4, 2009, calculated using the Black-Scholes option-pricing model, was $0.2 million. This expense, which is a non-cash item, is being amortized in the Company's statements of operations over the vesting periods. Compensation costs related to all share-based payments recognized in the statements of operations aggregated $0.9 million and $0.1 million for three months ended April 4, 2009 and March 29, 2008, respectively.

The Company has adopted a policy to pay 25% of all officers' annual incentive compensation in restricted stock. During the period ended April 4, 2009, awards totaling $0.2 million were made under this policy.

NOTE 7 - BASIC AND DILUTED EARNINGS PER SHARE

Weighted average shares outstanding for the three months ended April 4, 2009 and March 29, 2008 were 19,045,229 and 20,571,800, respectively.

Diluted earnings per share reflect the impact of options outstanding using the treasury stock method, when applicable. This resulted in diluted weighted-average shares outstanding for the three months ended April 4, 2009 and March 29, 2008 of 19,174,871 and 20,606,000 shares, respectively.

NOTE 8 - CONTINGENT LIABILITIES

As of April 4, 2009, the Company was a defendant in approximately 3 lawsuits involving its products and is aware of certain other such claims. These lawsuits and claims fall into one of the two following categories:

(i) Those that claim damages from the Company related to allegedly defective product design and/or manufacture which stem from a specific incident. Pending lawsuits and claims are based principally on the theory of "strict liability" but also may be based on negligence, breach of warranty, and other legal theories.

(ii) Those brought by cities or other governmental entities, and individuals against firearms manufacturers, distributors and retailers seeking to recover damages allegedly arising out of the misuse of firearms by third-parties in the commission of homicides, suicides and other shootings involving juveniles and adults. The complaints by municipalities seek damages, among other things, for the costs of medical care, police and emergency services, public health services, and the maintenance of courts, prisons, and other services. In certain instances, the plaintiffs seek to recover for

decreases in property values and loss of business within the city due to criminal violence. In addition, nuisance abatement and/or injunctive relief is sought to change the design, manufacture, marketing and distribution practices of the various defendants. These suits allege, among other claims, strict liability or negligence in the design of products, public nuisance, negligent entrustment, negligent distribution, deceptive or fraudulent advertising, violation of consumer protection statutes and conspiracy or concert of action theories. Most of these cases do not allege a specific injury to a specific individual as a result of the misuse or use of any of the Company's products.

The Company has expended significant amounts of financial resources and management time in connection with product liability litigation. Management believes that, in every case involving firearms, the allegations are unfounded, and that the shootings and any results therefrom were due to negligence or misuse of the firearms by third-parties or the claimant, and that there should be no recovery against the Company. Defenses to the suits brought by governmental entities further exist based on, among other things, the Protection of Lawful Commerce in Arms Act, established state law precluding recovery for essential government services, the remoteness of the claims, the types of damages sought to be recovered, and limitations on the extraterritorial authority which may be exerted by a city, municipality, county or state under state and federal law, including State and Federal Constitutions.

The only case against the Company alleging liability for criminal shootings by third-parties to ever be permitted to go before a constitutional jury, Hamilton, et al. v. Accu-tek, et al., resulted in a defense verdict in favor of the Company on February 11, 1999. In that case, numerous firearms manufacturers and distributors had been sued, alleging damages as a result of alleged negligent sales practices and "industry-wide" liability. The Company and its marketing and distribution practices were exonerated from any claims of negligence in each of the seven cases decided by the jury. In subsequent proceedings involving other defendants, the New York Court of Appeals as a matter of law confirmed that 1) no legal duty existed under the circumstances to prevent or investigate criminal misuses of a manufacturer's lawfully made products; and 2) liability of firearms manufacturers could not be apportioned under a market share theory. More recently, the New York Court of Appeals on October 21, 2003 declined to hear the appeal from the decision of the New York Supreme Court, Appellate Division, affirming the dismissal of New York Attorney General Eliot Spitzer's public nuisance suit against the Company and other manufacturers and distributors of firearms. In its decision, the Appellate Division relied heavily on Hamilton in concluding that it was "legally inappropriate," "impractical," "unrealistic" and "unfair" to attempt to hold firearms manufacturers responsible under theories of public nuisance for the criminal acts of others.

Of the lawsuits brought by municipalities, counties or a state Attorney General, twenty-two have been concluded: Atlanta - dismissal by intermediate Appellate Court, no further appeal; Bridgeport - dismissal affirmed by Connecticut Supreme Court; County of Camden - dismissal affirmed by U.S. Third Circuit Court of Appeals; Miami - dismissal affirmed by intermediate appellate court, Florida Supreme Court declined review; New Orleans - dismissed by Louisiana Supreme Court, United States Supreme Court declined review; Philadelphia - U.S. Third Circuit Court of Appeals affirmed dismissal, no further appeal; Wilmington - dismissed by trial court, no appeal; Boston - voluntary dismissal with prejudice by the City at the close of fact discovery; Cincinnati - voluntarily withdrawn after a unanimous vote of the city council;

Detroit - dismissed by Michigan Court of Appeals, no appeal; Wayne County - dismissed by Michigan Court of Appeals, no appeal; New York State - Court of Appeals denied plaintiff's petition for leave to appeal the Intermediate Appellate Court's dismissal, no further appeal; Newark - Superior Court of New Jersey Law Division for Essex County dismissed the case with prejudice; City of Camden - dismissed on July 7, 2003, not reopened; Jersey City - voluntarily dismissed and not re-filed; St. Louis - Missouri Supreme Court denied plaintiffs' motion to appeal Missouri Appellate Court's affirmation of dismissal; Chicago - Illinois Supreme Court affirmed trial court's dismissal; and Los Angeles City, Los Angeles County, San Francisco - Appellate Court affirmed summary judgment in favor of defendants, no further appeal; Cleveland - dismissed on January 24, 2006 for lack of prosecution; New York City - U.S. Supreme Court denied plaintiff's Petition for Writ of Certiorari on April 3, 2009; and Washington, D.C. - U.S. Supreme Court denied plaintiff's Petition for Writ of Certiorari on April 3, 2009.

The Indiana Court of Appeals affirmed the dismissal of the Gary case by the trial court, but the Indiana Supreme Court reversed this dismissal and remanded the case for discovery proceedings on December 23, 2003. On November 23, 2005, the defendants filed a motion to dismiss pursuant to the PLCAA. The state court judge held the PLCAA unconstitutional and the defendants filed a motion with the Indiana Court of Appeals asking it to accept interlocutory appeal on the issue, which appeal was accepted on February 5, 2007. On October 29, 2007, the Indiana Appellate Court affirmed, holding that the PLCAA does not apply to the City's claims. A petition for rehearing was filed in the Appellate Court and denied on January 9, 2008. On February 8, 2008, a Petition to Transfer the appeal to the Supreme Court of Indiana was filed. The petition was denied on January 13, 2009 and the case was remanded to the trial court.

In the NAACP case, on May 14, 2003, an advisory jury returned a verdict rejecting the NAACP's claims. On July 21, 2003, Judge Jack B. Weinstein entered an order dismissing the NAACP lawsuit, but this order contained lengthy dicta which defendants believe are contrary to law and fact. Appeals by both sides were filed, but plaintiffs withdrew their appeal. On August 3, 2004, the United States Court of Appeals for the Second Circuit granted the NAACP's motion to dismiss the defendants' appeal of Judge Weinstein's order denying defendants' motion to strike his dicta made in his order dismissing the NAACP's case, and the defendants' motion for summary disposition was denied as moot. The ruling of the Second Circuit effectively confirmed the decision in favor of defendants and brought this matter to a conclusion.

Legislation has been passed in approximately 34 states precluding suits of the type brought by the municipalities mentioned above. On the Federal level, the "Protection of Lawful Commerce in Arms Act" was signed by President Bush on October 26, 2005. The Act requires dismissal of suits against manufacturers arising out of the lawful sale of their products for harm resulting from the criminal or unlawful misuse of a firearm by a third party. The Company is pursuing dismissal of each action involving such claims, including the municipal cases described above.

Punitive damages, as well as compensatory damages, are demanded in certain of the lawsuits and claims. Aggregate claimed amounts presently exceed product liability accruals and applicable insurance coverage. For claims made after July 10, 2000, coverage is provided on an annual basis for losses exceeding $5 million per claim, or an aggregate maximum loss of $10 million annually, except for certain new claims which might be brought by governments or municipalities after July 10, 2000, which are excluded from coverage.

Product liability claim payments are made when appropriate if, as, and when claimants and the Company reach agreement upon an amount to finally resolve all claims. Legal costs are paid as the lawsuits and claims develop, the timing of which may vary greatly from case to case. A time schedule cannot be

determined in advance with any reliability concerning when payments will be made in any given case.

Provision is made for product liability claims based upon many factors related to the severity of the alleged injury and potential liability exposure, based upon prior claim experience. Because our experience in defending these lawsuits and claims is that unfavorable outcomes are typically not probable or estimable, only in rare cases is an accrual established for such costs. In most cases, an accrual is established only for estimated legal defense costs. Product liability accruals are periodically reviewed to reflect then-current estimates of possible liabilities and expenses incurred to date and reasonably anticipated in the future. Threatened product liability claims are reflected in our product liability accrual on the same basis as actual claims; i.e., an accrual is made for reasonably anticipated possible liability and claims-handling expenses on an ongoing basis.

A range of reasonably possible loss relating to unfavorable outcomes cannot be made. However, in product liability cases in which a dollar amount of damages is claimed, the amount of damages claimed, which totaled $12.2 million and $5.0 at December 31, 2008 and 2007, respectively, are set forth as an indication of possible maximum liability that the Company might be required to incur in these cases (regardless of the likelihood or reasonable probability of any or all of this amount being awarded to claimants) as a result of adverse judgments that are sustained on appeal.

The Company management monitors the status of known claims and the product liability accrual, which includes amounts for asserted and unasserted claims. While it is not possible to forecast the outcome of litigation or the timing of costs, in the opinion of management, after consultation with special and corporate counsel, it is not probable and is unlikely that litigation, including punitive damage claims, will have a material adverse effect on the financial position of the Company, but may have a material impact on the Company's financial results for a particular period.

The Company has reported all cases instituted against it through December 31, 2008 and the results of those cases, where terminated, to the S.E.C. on its previous Form 10-K and 10-Q reports to which reference is hereby made.

NOTE 9 - RELATED PARTY TRANSACTIONS

In the first quarter of 2008, the Company made lump sum pension benefit payments to William B. Ruger, Jr., the former Chairman and Chief Executive Officer of the Company, and Stephen L. Sanetti, the former President of the Company. These payments totaled $2.1 million which represented the actuarially determined present value of the accrued benefits payable to these individuals under the Supplementary Executive Retirement Plan as of the date of payment.

NOTE 10 - OPERATING SEGMENT INFORMATION

The Company has two reportable segments: firearms and investment castings. The firearms segment manufactures and sells rifles, pistols, revolvers, and shotguns principally to a select number of independent wholesale distributors primarily located in the United States. The investment castings segment manufactures and sells steel investment castings. Selected operating segment

financial information follows (in thousands):

	Three Months Ended	
	April 4, 2009	March 29, 2008
Net Sales		
Firearms	$ 62,227	$ 40,030
Castings		
Unaffiliated	1,302	2,476
Intersegment	4,163	2,867
	5,465	5,343
Eliminations	(4,163)	(2,867)
	$ 63,529	$ 42,506
Income (Loss) Before Income Taxes		
Firearms	$ 9,611	$ 3,111
Castings	(504)	(880)
Corporate	259	111
	$ 9,366	$ 2,342

	April 4, 2009	December 31, 2008
Identifiable Assets		
Firearms	$ 62,301	$ 63,042
Castings	4,615	4,842
Corporate	51,616	44,876
	$ 118,532	$ 112,760

NOTE 11 - STOCK REPURCHASE

In November 2008, the Company announced that its Board of Directors authorized a $5 million stock repurchase program. During the first quarter of 2009, the Company repurchased approximately 2,400 shares of its common stock under a 10b5-1 program, representing 0.1% of the outstanding shares, in the open market at an average price of $6.03 per share. These purchases were made with cash held by the Company and no debt was incurred. At April 4, 2009, $4.7 million remained available for share repurchases under this repurchase program.

NOTE 12 - LINE OF CREDIT

In December 2008, the Company renewed a $25 million credit facility with a bank which terminates on December 13, 2009. Borrowings under this facility bear interest at LIBOR plus 200 basis points. The unused fee is 50 basis points per year on the unused portion of the credit facility. During the first quarter of 2009, the Company paid down the $1 million balance on its $25 million credit facility, in response to the relative improvement in the global financial and credit markets.

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NOTE 13 - SUBSEQUENT EVENTS

On April 28, 2009, the Company declared a dividend of 8.6(cent) per share to shareholders of record on May 15, 2009.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Company Overview

Sturm, Ruger & Company, Inc. (the "Company") is principally engaged in the design, manufacture, and sale of firearms to domestic customers. Approximately 98% of the Company's total sales for the three months ended April 4, 2009 were firearms sales, and 2% were investment castings sales. Export sales represent less than 3% of total sales. The Company's design and manufacturing operations are located in the United States and almost all product content is domestic. The Company's firearms are sold through a select number of independent wholesale distributors principally to the commercial sporting market.

The Company manufactures investment castings made from steel alloys for internal use in its firearms and utilizes available investment casting capacity to manufacture and sell castings to outside customers.

Because most of the Company's competitors are not subject to public filing requirements and industry-wide data is generally not available in a timely manner, the Company is unable to compare its performance to other companies or specific current industry trends. Instead, the Company measures itself against its own historical results.

The Company does not consider its overall firearms business to be predictably seasonal; however, sales of many models of firearms are usually lower in the third quarter of the year.

Results of Operations

Summary Unit Data

Firearms unit data for orders, production, shipments and ending inventory for the last five quarters are as follows:

	2009	2008			
	Q1	Q4	Q3	Q2	
Units Ordered	501,000	270,400	125,700	120,300	26
Units Produced	209,900	167,100	158,900	150,600	12
Units Shipped	213,700	208,100	146,000	136,700	13
Average Sales Price	$ 283	$ 275	$ 276	$ 270	$
Units on Backorder	458,900	175,900	115,300	137,700	15
Units - Company Inventory	8,800	12,400	52,600	40,200	2
Units - Distributor Inventory (Note 1)	35,200	57,500	65,800	62,900	6

Orders Received and Ending Backlog

The gross value of orders received and ending backlog for the trailing five quarters are as follows (in millions except average sales price, including Federal Excise Tax):

	2009	2008			
	Q1	Q4	Q3	Q2	
Orders Received	$ 154.3	$ 86.1	$ 33.5	$ 37.0	$
Average Sales Price of Orders Received (2)	$ 308	$ 287	$ 267	$ 275	$
Ending Backlog (2)	$ 136.3	$ 47.8	$ 27.9	$ 33.7	$
Average Sales Price of Ending Backlog (2)	$ 297	$ 269	$ 242	$ 245	$

Note 1: Distributor ending inventory as provided by the Company's distributors.

Note 2: Average sales price for orders received and ending backlog is net of Federal Excise Tax of 10% for handguns and 11% for long guns.

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If demand remains strong, shipments for the remainder of 2009 will be essentially limited to units produced as finished goods inventory has been largely depleted.

Orders received in the first quarter of 2009 reflect continued strong overall industry demand across most product lines. Demand was particularly strong for firearms related to self defense, including the LCP pistol and the LCR revolver.

The increase in the average sales price of the units in backlog at the end of the first quarter of 2009 is due to the balanced mix of the backlog across most product lines. In 2008, the LCP pistol accounted for a disproportionate percentage of the total backlog.

Production

Production rates, which started to increase late in 2007, have continued to improve. Unit production in the first quarter of 2009 increased 27% from the fourth quarter of 2008, and increased 69% from the first quarter of 2008.

The Company continues to work on the transition from large-scale batch production to lean manufacturing, with an emphasis on setting up manufacturing cells that facilitate single-piece flow production and inventory pull systems. The current focus is on:

1. Establishing single-piece flow cells for small parts manufacturing,
2. Process improvement for existing cells,
3. Developing inventory pull systems,

4. Developing standard work for all cell processes,
5. Managing vendors, and
6. Increasing capacity for the products with the greatest unmet demand and potential gross margin.

There is also considerable, on-going engineering work in process to re-engineer existing product designs for improved manufacturability.

Inventories

The Company's finished goods inventory is at extraordinarily low levels. Finished goods inventories will remain significantly below desired safety stock levels until the current surge in demand subsides.

Sales

Consolidated net sales were $63.5 million for the three months ended April 4, 2009. This represents an increase of $21.0 million or 49.5% from consolidated net sales of $42.5 million in the comparable prior year period.

Firearms net sales were $62.2 million for the three months ended April 4, 2009. This represents an increase of $22.2 million or 55.5% from firearms net sales of $40.0 million in the comparable prior year period.

Firearms unit shipments increased 57.5% for the first quarter of 2009 when compared to the first quarter of 2008 due to increased shipments of pistols, rifles and revolvers. This increase is attributable to continued strong demand for most product lines, and increased production of both new and mature products.

Casting net sales were $1.3 million for the three months ended April 4, 2009. This represents a decrease of $1.2 million or 47.4% from casting sales of $2.5 million in the comparable prior year period.

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Cost of Products Sold and Gross Margin

Consolidated cost of products sold was $44.0 million for the three months ended April 4, 2009. This represents an increase of $12.1 million or 38.2% from consolidated cost of products sold of $31.9 million in the comparable prior year period.

Gross margin as a percent of sales was 30.7% for the three months ended April 4, 2009. This represents an increase from the gross margin of 25.1% in the comparable prior year period as illustrated below (in thousands):

	Three Months Ended		
	April 4, 2009		Mar
Net sales	$ 63,529	100.0%	$ 42,50
Cost of products sold, before LIFO, overhead and labor rate adjustments to inventory, product liability, and product recall	42,722	67.2%	30,82

LIFO (income) expense	(249)	(0.4)%	9
Overhead rate adjustments to inventory	689	1.2%	(46
Labor rate adjustments to inventory	169	0.3%	-
Product liability	93	0.1%	18
Product Recall	579	0.9%	1,20
Total cost of products sold	44,003	69.3%	31,85
Gross margin	$ 19,526	30.7%	$ 10,65

Cost of products sold, before LIFO, overhead and labor rate adjustments to inventory, product liability, and product recall--During the three months ended April 4, 2009, cost of products sold, before LIFO, overhead and labor rate adjustments to inventory, product liability, and product recall improved to 67.2% of sales from 72.5% of sales in the comparable prior year period. The improvement was due to cost management while year-over-year sales grew 49.5% during the quarter. Fixed overhead expenses were leveraged, and greater efficiency was experienced in personnel costs and non-personnel variable overhead spending.

LIFO--During the three months ended April 4, 2009, gross inventories decreased by $4.6 million as compared to a decrease in gross inventories of $0.5 million in the comparable 2008 period. In the first quarter of 2009 the Company recognized LIFO income resulting in decreased cost of products sold of $0.2 million compared to LIFO expense and increased cost of products sold of $0.1 million in the first quarter of 2008.

Overhead Rate Adjustments--The net impact in the first quarter of 2009 from the change in the overhead rates used to absorb overhead expenses into inventory was a decrease to inventory of $0.7 million. This decrease in inventory value resulted in an increase to cost of sales in the first quarter of 2009.

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In the first quarter of 2008, the change in inventory value resulting from the change in the overhead rate used to absorb overhead expenses into inventory was an increase of $0.5 million. This increase in inventory value resulted in a decrease to cost of products sold.

Labor Rate Adjustments-- Effective April 1, 2008, the Company changed its methodology for estimating standard direct labor rates for its firearms. The net impact in the first quarter of 2009 from the change in the labor rates used to absorb labor expenses into inventory was a decrease to inventory of $0.2 million. This decrease in inventory value resulted in an increase to cost of sales in the first quarter of 2009. No such adjustment was recorded in the first quarter of 2008.

Product Liability--During the three months ended April 4, 2009, the Company incurred product liability expense of $0.1 million, which includes the cost of outside legal fees, insurance, and other expenses incurred in the management and defense of product liability matters. For the comparable 2008 period, product liability expenses totaled $0.2 million. See Note 8 to the notes to the financial statements "Contingent Liabilities" for further discussion of the Company's product liability.

Product Recalls-- In 2008, the Company received a small number of reports from the field that its SR9 pistols, and later, its LCP pistols, could discharge if dropped onto a hard surface. The Company began recalling SR9 pistols in April 2008 and LCP pistols in October 2008 to offer free safety retrofits. The estimated cost of these safety retrofit programs of approximately $3.5 million was recorded in 2008, of which $1.2 million was recorded in the first quarter of 2008. During the first quarter of 2009, it became apparent that the recalls were more successful than originally forecast and a greater quantity of affected pistols would be retrofitted than originally estimated. To reflect this, an additional expense of $0.6 million was recognized.

Gross Margin--Gross margin was $19.5 million or 30.7% of sales in the first quarter of 2009. This is an increase of $8.9 million or 83.3% from the first quarter of 2008 gross margin of $10.7 million or 25.1% of sales.

Selling, General and Administrative

Selling, general and administrative expenses were $10.1 million, or 15.9% of sales, for the three months ended April 4, 2009. This represents an increase of $1.8 million from selling, general and administrative expenses of $8.3 million, or 19.6% of sales, in the comparable prior year period. The increase in expense reflects increased sales promotion and advertising expenses, greater personnel-related expenses, and increased shipping expenses.

Other income

Other income was an expense of $0.1 million in the first quarter of 2009 compared to a break-even in the first quarter of 2008.

Income Taxes and Net Income

The effective income tax rates in the first quarter of both 2009 and 2008 were 38.0%.

As a result of the foregoing factors, consolidated net income was $5.8 million in the three months ended April 4, 2009. This represents an increase of $4.3 million from consolidated net income of $1.5 million in the comparable prior year period.

Financial Condition

Liquidity

At April 4, 2009, the Company had cash, cash equivalents and short-term investments of $33.9 million. The Company's pre-LIFO working capital of $96.4 million, less the LIFO reserve of $44.1 million, resulted in working capital of $52.3 million and a current ratio of 2.9 to 1.

During the first quarter of 2009, the Company paid down the $1 million balance on its $25 million credit facility, in response to the relative improvement in the global financial and credit markets. The credit facility expires on December 13, 2009.

Operations

Cash provided by operating activities was $10.4 million for the three months ended April 4, 2009 compared to cash provided by operating activities of

$0.6 million for comparable prior year period. The increase in cash provided in 2009 compared to 2008 is principally attributable to the increased profitability in 2009.

Third parties supply the Company with various raw materials for its firearms and castings, such as fabricated steel components, walnut, birch, beech, maple and laminated lumber for rifle and shotgun stocks, wax, ceramic material, metal alloys, various synthetic products and other component parts. There is a limited supply of these materials in the marketplace at any given time, which can cause the purchase prices to vary based upon numerous market factors. The Company believes that it has adequate quantities of raw materials in inventory to provide ample time to locate and obtain additional items at then-current market cost without interruption of its manufacturing operations. However, if market conditions result in a significant prolonged inflation of certain prices or if adequate quantities of raw materials can not be obtained, the Company's manufacturing processes could be interrupted and the Company's financial condition or results of operations could be materially adversely affected.

Investing and Financing

Capital expenditures for the three months ended April 4, 2009 totaled $3.7 million. In 2009, the Company expects to spend approximately $12 million on capital expenditures to purchase tooling for new product introductions and to upgrade and modernize manufacturing equipment, and to increase capacity of certain products in strong demand. The Company finances, and intends to continue to finance, all of these activities with cash provided by operations and current cash and short-term investments.

There were no dividends paid for the three months ended April 4, 2009. On April 28, 2009, the Company declared a dividend of 8.6(cent) per share to shareholders of record on May 15, 2009. The payment of future dividends depends on many factors, including internal estimates of future performance, then-current cash and short-term investments, and the Company's need for funds.

In 2007, the Company amended its hourly and salaried defined benefit pension plans so that employees will no longer accrue benefits under them effective December 31, 2007. This action "froze" the benefits for all employees and prevented future hires from joining the plans, effective December 31, 2007. Currently, the Company provides supplemental discretionary contributions to substantially all employees' individual 401(k) accounts.

In 2009 and future years, the Company may be required to make cash contributions to the two defined benefit pension plans according to the new rules of the Pension Protection Act of 2006. The annual contributions will be based on the amount of the unfunded plan liabilities derived from the frozen benefits and will not include liabilities for any future accrued benefits for any new or existing participants. The total amount of these future cash contributions will be dependent on the investment returns generated by the plans' assets and the then-applicable discount rates used to calculate the plans' liabilities.

There is no minimum required cash contribution for the defined benefit plans for 2009, but there may be such a requirement in future years. The Company expects to voluntarily contribute approximately $2.0 million to the defined benefit plans in 2009, of which $0.2 million was contributed in the first quarter of 2009. The intent of this discretionary contribution is to reduce the amount of time that the Company will be required to continue to operate the

frozen plans. The ongoing cost of running the plans (even if frozen) is approximately $200,000 per year, which includes PBGC premiums, actuary and audit fees, and other expenses.

In the first quarter of 2009, the Company settled $2.0 million of pension liabilities through the purchases of group annuities. This transaction resulted in an insignificant actuarial gain.

Based on its unencumbered assets, the Company believes it has the ability to raise substantial amounts of cash through issuance of short-term or long-term debt. In 2007, the Company established an unsecured $25 million credit facility. At December 31, 2008, $1.0 million was outstanding from this credit facility. During the first quarter of 2009, the Company paid down the $1.0 million balance on its $25 million credit facility, in response to the relative improvement in the global financial and credit markets. The credit facility expires on December 13, 2009.

In November 2008, the Company announced that its Board of Directors authorized a $5 million stock repurchase program. During the first quarter of 2009, the Company repurchased approximately 2,400 shares of its common stock under a 10b5-1 program, representing 0.1% of the outstanding shares, in the open market at an average price of $6.03 per share. These purchases were made with cash held by the Company and no debt was incurred. At April 4, 2009, $4.7 million remained available for share repurchases under this repurchase program.

Other Operational Matters

In the normal course of its manufacturing operations, the Company is subject to occasional governmental proceedings and orders pertaining to waste disposal, air emissions and water discharges into the environment. The Company believes that it is generally in compliance with applicable environmental regulations and the outcome of such proceedings and orders will not have a material adverse effect on the financial position or results of operations of the Company.

The Company self-insures a significant amount of its product liability, workers compensation, medical, and other insurance. It also carries significant deductible amounts on various insurance policies.

The valuation of the future defined-benefit pension obligations at December 31, 2008 and 2007 indicated that these plans were underfunded by $16.9 million and $4.8 million, respectively, and resulted in a cumulative other comprehensive loss of $23.0 million and $13.4 million on the Company's balance sheet at December 31, 2008 and 2007, respectively.

The Company expects to realize its deferred tax assets through tax deductions against future taxable income.

Adjustments to Critical Accounting Policies

The Company has not made any adjustments to its critical accounting estimates and assumptions described in the Company's 2008 Annual Report on Form 10-K filed on February 24, 2009, or the judgments affecting the application of those estimates and assumptions.

Recent Accounting Pronouncements:

In September 2006, FASB issued FAS No. 157, "Fair Value Measurements" (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of FAS 157 were effective for the fiscal year beginning January 1, 2008. The adoption of FAS 157

did not have a material impact on the Company's financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("FAS 141R"). FAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. FAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. FAS 141R is effective for the fiscal year beginning January 1, 2009, and was adopted by the Company in the first quarter of 2009. The adoption of FAS 141R did not have a material impact on the Company's financial position, results of operations and cash flows.

Forward-Looking Statements and Projections

The Company may, from time to time, make forward-looking statements and projections concerning future expectations. Such statements are based on current expectations and are subject to certain qualifying risks and uncertainties, such as market demand, sales levels of firearms, anticipated castings sales and earnings, the need for external financing for operations or capital expenditures, the results of pending litigation against the Company including lawsuits filed by mayors, state attorneys general and other governmental entities and membership organizations, and the impact of future firearms control and environmental legislation, any one or more of which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date such forward-looking statements are made or to reflect the occurrence of subsequent unanticipated events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to changes in prevailing market interest rates affecting the return on its investments but does not consider this interest rate market risk exposure to be material to its financial condition or results of operations. The Company invests primarily in a bank-managed money market fund that invests principally in United States Treasury instruments, all maturing within one year. The carrying amount of these investments approximates fair value due to the short-term maturities. Under its current policies, the Company does not use derivative financial instruments, derivative commodity instruments or other financial instruments to manage its exposure to changes in interest rates or commodity prices.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Treasurer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (the "Disclosure Controls and Procedures"), as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of April 4, 2009.

Based on the evaluation, the Company's Chief Executive Officer and Treasurer and Chief Financial Officer have concluded that, as of April 4, 2009,

such disclosure controls and procedures are effective to ensure that information required to be disclosed in the Company's periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms. Additionally, the Company's Chief Executive Officer and Treasurer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, there have been no changes in the Company's control over financial reporting that occurred during the quarter ended April 4, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's control over financial reporting.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The nature of the legal proceedings against the Company is discussed at Note 8 to this Quarterly Report on Form 10-Q report, which is incorporated herein by reference.

The Company has reported all cases instituted against it through December 31, 2008, and the results of those cases, where terminated, to the S.E.C. on its previous Form 10-Q and 10-K reports, to which reference is hereby made.

No cases were formally instituted against the Company during the three months ending April 4, 2009.

During the three months ending April 4, 2009, one previously reported case was settled:

On February 11, 2009, the previously reported Pearce v. Company, et al (MA) case was settled. The settlement amount was within the limits of the Company's self-insurance coverage or self-insurance retention.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from the information provided in Item 1A. Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2008.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

(a) Exhibits:

31.1 Certification Pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification Pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

STURM, RUGER & COMPANY, INC.

FORM 10-Q FOR THE THREE MONTHS ENDED APRIL 4, 2009

SIGNATURES

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

STURM, RUGER & COMPANY, INC.

Date: April 28, 2009

/S/ THOMAS A. DINEEN

Thomas A. Dineen
Principal Financial Officer,
Vice President, Treasurer and Chief Financial Officer