



STURM, RUGER & CO., INC.
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FOR IMMEDIATE RELEASE

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STURM, RUGER & COMPANY, INC. REPORTS:

- ANNUAL SALES AND EARNINGS - 2003
- FOURTH QUARTER RESULTS - 2003

SOUTHPORT, CONNECTICUT, February 9, 2004--Sturm, Ruger & Company, Inc. (NYSE-RGR), the nation's largest producer of firearms, today reported improved financial results for both the year and fourth quarter 2003.

For the year, the Company recorded sales of \$147.9 million, net income of \$12.4 million, and earnings per share of \$0.46. Included in these results is the pretax gain of \$5.9 million or \$0.13 per share after-tax from the sale of certain non-manufacturing real estate in Arizona, known as the Single-Six Ranch. The respective figures for 2002 were sales of \$161.6 million, net income of \$8.5 million, and earnings per share of \$0.31. Included in these results is a \$3.3 million pretax charge to earnings to recognize an impairment loss on certain of the investment castings segment assets.

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For the fourth quarter of 2003, the Company had sales of \$38.2 million, net income of \$3.0 million, and earnings per share of \$0.11. Comparable amounts for 2002 were sales of \$35.3 million, a net loss of \$0.3 million, and a loss per share of \$0.02 due to the aforementioned impairment loss.

Chairman William B. Ruger, Jr. commented on the fourth quarter, "Firearms shipments improved by 26% during the quarter. The popularity of many new product offerings, including the Ruger 40th Anniversary 10/22 Carbine, the 50th Anniversary Ruger New Model Single Six, the Ruger New Model Single Six chambered for the .17 HMR caliber, and the MK-4NRA, a unique .22 caliber pistol commemorating William B. Ruger, were instrumental to this sales growth."

Mr. Ruger briefly summarized the year, "Despite our strong finish, 2003 was a flat year for firearms sales. The success of our new products in 2003 was offset by an overall softness in the marketplace, particularly during the first half of the year. We are encouraged by our recent sales upturn and favorable economic indicators, and with our new product introductions, we believe 2004 can be a solid year for the Company."

Commenting on the castings results, Mr. Ruger remarked, "Our castings business declined in 2003 as sales dropped 20% from the prior year, due largely to foreign competition. But despite this marked decline, through the diligent efforts of castings management, we were able to improve our net results from the prior year, even before the \$3.3 million pretax charge to earnings that was incurred in 2002. The precision castings process affords us great flexibility and efficiency in our firearms manufacturing, and for that reason it will always be a critical success

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factor for the Company. We will continue to evaluate the viability and profitability of the commercial castings market.”

Mr. Ruger was encouraged by the strength of the Company’s balance sheet, “We are financially solid. At December 31, 2003, we remain debt free, with \$54 million of cash and short-term investments.”

Mr. Ruger reaffirmed the Company’s long-standing commitment to innovative firearms development, “In 2003, we added four design engineers to our firearms development team. Our new product introductions for 2004, some of which have been announced, while others will be revealed later in the year, are a testament to their efforts.”

Among Ruger’s announced new product offerings for 2004 are:

- The **Ruger 40th Anniversary 10/22 Carbine** featuring a nickel-silver medallion inlaid into its traditionally styled stock and a special clear rotary magazine with a red internal magazine rotor.
- The **Ruger 10/22 Rifle**, the first major restyling of the Ruger 10/22 in 40 years, sporting a handsome 20” barrel and a trim rifle-style stock with a gracefully tapered forend and rifle-style buttpad.
- The **Ruger 10/17 Rifle**, one of the most asked-for rifles since the high velocity .17 HMR cartridge was announced in 2002. This rifle combines the latest in 10/22 restyling with the legendary reliability of its .22 caliber predecessors.
- Two rifles chambered for the new .204 Ruger cartridge, the **Ruger Number 1 Single Shot** and the **Ruger M77MKII bolt-action rifle**. At a speed of 4,225 feet

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per second, the .204 Ruger is the highest velocity centerfire cartridge in commercial use. Other models in .204 Ruger will follow.

- The **Ruger Short Action Magnum Rifles** chambered for .270 WSM, 7mm WSM, .300 WSM, and .350 Remington Magnum cartridges, all current favorites of American hunters.
- The **Ruger New Model Single Six Hunters**, now available in .17 HMR or in .22 LR/.22 Magnum versions, featuring stainless steel construction and integral scope mounts for the small game hunter.

Stephen L. Sanetti, President and General Counsel, noted a few of the many successes that the Company achieved in the courtroom in 2003, “The lawsuits brought by numerous cities in California were dismissed and are currently on appeal. Detroit and Wayne County’s lawsuits were dismissed and were not appealed. Cincinnati, Jersey City and Newark all withdrew their lawsuits and the NAACP withdrew its appeal of the dismissal of its case after a jury found no defendants liable. Both the St. Louis and New York state lawsuits were dismissed, with St. Louis appealing its dismissal. While courtroom and legislative battles to end these unjustified lawsuits will undoubtedly continue into 2004 and beyond, we will remain diligent to our just and honorable cause, and we will continue to prevail.”

Mr. Sanetti added, “The number of pending traditional product liability cases remains near all-time lows. We are also gratified by the success of our numerous voluntary product safety efforts as evidenced by the record low reports of firearms accidents.”

Sturm, Ruger was founded in 1949. Since 1950 it has never failed to show an annual profit and has never required financing from outside sources. The Company’s business segments

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are engaged in the manufacture of the world famous **RUGER**[®] brand of sporting and law enforcement firearms and titanium and steel investment castings for a wide variety of customers and end uses. Plants are located in Newport, New Hampshire and Prescott, Arizona. Corporate headquarters is located in Southport, Connecticut.

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, 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.

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STURM, RUGER & COMPANY, INC.
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)

	Three Months Ended				Twelve Months Ended			
	December 31				December 31			
	2003	%	2002	%	2003	%	2002	%
Firearms sales	\$34,682	90.9	\$31,396	88.9	\$130,558	88.3	\$139,762	86.5
Castings sales	<u>3,482</u>	<u>9.1</u>	<u>3,927</u>	<u>11.1</u>	<u>17,359</u>	<u>11.7</u>	<u>21,825</u>	<u>13.5</u>
Net sales	38,164	100.0	35,323	100.0	147,917	100.0	161,587	100.0
Cost of products sold	<u>28,098</u>	<u>73.6</u>	<u>28,262</u>	<u>80.0</u>	<u>113,189</u>	<u>76.5</u>	<u>125,376</u>	<u>77.6</u>
Gross profit	10,066	26.4	7,061	20.0	34,728	23.5	36,211	22.4
Expenses:								
Selling	3,992	10.5	3,666	10.4	15,189	10.3	14,777	9.1
General and administrative	1,295	3.4	1,165	3.3	5,827	3.9	5,885	3.6
Impairment of long-lived assets	<u>-</u>	<u>-</u>	<u>3,311</u>	<u>9.4</u>	<u>-</u>	<u>-</u>	<u>3,311</u>	<u>2.1</u>
	<u>5,287</u>	<u>13.9</u>	<u>8,142</u>	<u>23.1</u>	<u>21,016</u>	<u>14.2</u>	<u>23,973</u>	<u>14.8</u>
	4,779	12.5	(1,081)	(3.1)	13,712	9.3	12,238	7.6
Gain on sale of real estate	-	-	-	-	5,922	4.0	-	-
Other income-net	<u>146</u>	<u>0.4</u>	<u>530</u>	<u>1.6</u>	<u>1,007</u>	<u>0.7</u>	<u>1,897</u>	<u>1.1</u>
Total other income	<u>146</u>	<u>0.4</u>	<u>530</u>	<u>1.6</u>	<u>6,929</u>	<u>4.7</u>	<u>1,897</u>	<u>1.1</u>
Income (loss) before income taxes	4,925	12.9	(551)	(1.5)	20,641	14.0	14,135	8.7
Income taxes	<u>1,975</u>	<u>5.2</u>	<u>(221)</u>	<u>(0.6)</u>	<u>8,277</u>	<u>5.6</u>	<u>5,668</u>	<u>3.5</u>
Net income (loss)	<u>\$2,950</u>	<u>7.7</u>	<u>(\$330)</u>	<u>(0.9)</u>	<u>\$12,364</u>	<u>8.4</u>	<u>\$8,467</u>	<u>5.2</u>
Earnings per share								
Basic	\$0.11		(\$0.02)		\$0.46		\$0.31	
Diluted	\$0.11		(\$0.02)		\$0.46		\$0.31	
Cash dividends per share	\$0.20		\$0.20		\$0.80		\$0.80	
Average shares outstanding								
Basic	26,911		26,911		26,911		26,911	
Diluted	26,934		26,911		26,919		27,002	

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STURM, RUGER & COMPANY, INC.
Condensed Consolidated Balance Sheets
(in thousands)

	December 31,	
	2003	2002
<u>Assets</u>		
Cash and cash equivalents	\$3,446	\$3,598
Short-term investments	50,026	49,776
Trade receivables, net	13,284	14,026
Inventories	48,529	51,628
Deferred income taxes	7,284	6,985
Prepaid expenses and other assets	1,985	4,536
Total current assets	124,554	130,549
Property, plant & equipment	155,689	153,732
Less depreciation	(128,525)	(124,538)
	27,164	29,194
Deferred income taxes	8,248	9,594
Other assets	10,047	14,621
Total	\$170,013	\$183,958
<u>Liabilities and Stockholders' Equity</u>		
Trade accounts payable and accrued expenses	\$4,386	\$5,080
Product liability	4,000	4,000
Employee compensation	6,177	7,324
Workers' compensation	6,057	4,765
Dividends payable	-	5,382
Income taxes	1,219	882
Total current liabilities	21,839	27,433
Accrued pension liability	4,729	6,423
Deferred income taxes	7,140	5,886
Product liability accrual	2,665	6,233
Stockholders' equity	133,640	137,983
Total	\$170,013	\$183,958

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