



# **STURM, RUGER & CO., INC.**

**SOUTHPORT, CONNECTICUT 06890 U.S.A.**

FOR IMMEDIATE RELEASE

## **STURM, RUGER & COMPANY, INC. REPORTS FIRST QUARTER EARNINGS OF 30¢ PER SHARE AND DECLARES DIVIDEND OF 8.6¢ PER SHARE**

SOUTHPORT, CONNECTICUT, April 28, 2009--Sturm, Ruger & Company, Inc. (NYSE-RGR), announced today that for the first quarter of 2009, the Company reported net sales of \$63.5 million and earnings per share of \$0.30, compared with sales of \$42.5 million and earnings per share of \$.07 in the first quarter of 2008.

The Company also announced today that its Board of Directors declared a dividend of 8.6¢ per share for the first quarter, for shareholders of record as of May 15, 2009, payable on May 29, 2009.

Chief Executive Officer Michael O. Fifer made the following comments related to the first quarter of 2009:

- The level of demand for our products during the first quarter of 2009 has been unusually high, with more than 500,000 units ordered.
- Our firearms sales grew 55.5% from the first quarter of 2008 and 8.7% from the fourth quarter of 2008.
- Our firearms unit production grew 69.3% from the first quarter of 2008 and 25.6% from the fourth quarter of 2008.
- Our backlog grew to 458,900 units and \$136.3 million at the end of the first quarter of 2009, from 175,900 units and \$47.8 million at the end of 2008.
- We had a successful launch of a new product platform, the LCR, our Lightweight, Compact Revolver.
- Cash generated from operations during the first quarter of 2009 was \$10.4 million. At the end of the first quarter of 2009, our cash, cash equivalents and short-term investments totaled \$33.9 million. Our 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. The Company has no debt.

- During the first quarter of 2009, capital expenditures totaled \$3.7 million. We expect to invest approximately \$12 million for capital expenditures during 2009.

Chief Executive Officer Michael O. Fifer issued a letter to Ruger shareholders today, discussing the market conditions, manufacturing, operating results, and the first quarter dividend. Also today, the Company filed its Quarterly Report on Form 10-Q for the first quarter of 2009. The financial statements included in this Quarterly Report on Form 10-Q are attached to this press release.

Both the Quarterly Report on Form 10-Q and the letter to Ruger shareholders on Form 8-K are available on the SEC website at [www.sec.gov](http://www.sec.gov) and the Ruger website at [www.ruger.com/corporate/](http://www.ruger.com/corporate/). Investors are urged to read the complete Form 10-Q and the letter to shareholders to ensure that they have adequate information to make informed investment judgments.

#### About Sturm, Ruger

Sturm, Ruger was founded in 1949 and is one of the nation's leading manufacturers of high-quality firearms for the commercial sporting market. Sturm, Ruger is headquartered in Southport, CT, with manufacturing facilities located in Newport, NH and Prescott, AZ.

*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, the impact of future firearms control and environmental legislation, and accounting estimates, 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.*

STURM, RUGER & COMPANY, INC.

Condensed Balance Sheets (Unaudited)  
*(Dollars in thousands, except share data)*

	April 4, 2009	December 31, 2008
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 3,922	\$ 9,688
Short-term investments	29,978	18,558
Trade receivables, net	25,611	25,809
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
Deferred income taxes	5,744	6,400
Prepaid expenses and other current assets	5,954	3,374
Total current assets	79,521	75,768
Property, plant and equipment	128,449	125,026
Less allowances for depreciation	(100,191)	(98,807)
Net property, plant and equipment	28,258	26,219
Deferred income taxes	7,785	7,743
Other assets	2,968	3,030
<b>Total Assets</b>	<b>\$118,532</b>	<b>\$112,760</b>

## STURM, RUGER &amp; COMPANY, INC.

April 4, 2009

December 31, 2008

**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

STURM, RUGER & COMPANY, INC.

Condensed Statements of Income (Unaudited)

*(Dollars in thousands, except per share data)*

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

STURM, RUGER & COMPANY, INC.

Condensed Statements of Cash Flows (Unaudited)  
*(Dollars in thousands)*

	Three Months Ended	
	April 4, 2009	March 29, 2008
<b>Operating Activities</b>		
Net income	\$ 5,807	\$ 1,452
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	1,662	1,117
Deferred income taxes	614	(420)
Changes in operating assets and liabilities:		
Trade receivables	198	(2,698)
Inventories	3,627	34
Trade accounts payable and accrued expenses	1,087	2,222
Product liability	(415)	(99)
Prepaid expenses, other assets and other liabilities	(1,240)	(2,052)
Income taxes	(971)	1,006
<b>Cash provided by operating activities</b>	<b>10,369</b>	<b>562</b>
<b>Investing Activities</b>		
Property, plant and equipment additions	(3,701)	(1,932)
Purchases of short-term investments	(25,979)	(6,666)
Proceeds from maturities of short-term investments	14,559	6,750
<b>Cash used for investing activities</b>	<b>(15,121)</b>	<b>(1,848)</b>
<b>Financing Activities</b>		
Repayment of line of credit balance	(1,000)	-
Repurchase of common stock	(14)	-
<b>Cash used for financing activities</b>	<b>(1,014)</b>	<b>-</b>
Decrease in cash and cash equivalents	(5,766)	(1,286)
Cash and cash equivalents at beginning of period	9,688	5,106
<b>Cash and cash equivalents at end of period</b>	<b>\$ 3,922</b>	<b>\$ 3,820</b>