

**CHARTER OF THE
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF
STURM, RUGER & COMPANY, INC.**

I. Purpose

The Board of Directors (the “Board”) of Sturm, Ruger & Company, Inc. (the “Company”) has established the Audit Committee of the Board (the “Committee”) for the purpose of providing assistance to the Board in fulfilling its responsibility with respect to its oversight of: (i) the quality and integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the qualifications and independence of the Company’s independent auditors; and (iv) the performance of the Company’s internal audit function and independent auditors. In addition, the Committee shall prepare the report required by Securities and Exchange Commission (the “SEC”) rules to be included in the Company’s annual proxy statement.

II. Structure and Operations

A. *Composition and Qualifications*

(1) The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be independent for such purposes under the rules of the New York Stock Exchange, Inc. (the “NYSE”), including Rules 303A(1), 303A(2), 303A(6) and 303A(7)(a) thereof,¹ Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”),² and any other applicable laws, rules or regulations in effect from time to time. No

¹ Under the NYSE rules, independent means that the Board has affirmatively determined that the director has no material relationships with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). A director cannot be independent if the director (or an immediate family member):

- was an employee of the Company within the previous three years (or an immediate family member is, or has been, an executive officer of the Company within the last three years);
- receives compensation from the Company that exceeds \$120,000 (other than director and committee benefits and fees, and pension or other forms of deferred compensation not contingent on continued service) in any twelve-month period within the previous three-year period;
- is a current partner or employee of an auditor of the Company, has an immediate family member who is a current partner of such firm or a current employee of such firm who personally works on the Company’s audit or was within the last three years a partner or employee of such firm and personally worked on the Company’s audit;
- is employed as an executive officer of another company where any of the Company’s present executive officers serves (or served, at the same time) on the compensation committee until three years after the end of such service or the employment relationship; or
- is an executive officer, or, in the case of a director only (i.e., not immediate family members), an employee of another company, that has made payments to, or received payments from, the Company, in any of the last three fiscal years, in excess of the greater of \$1 million or 2% of such company’s consolidated gross revenues.

² Under SEC Rule 10A-3, an “independent” director for purposes of serving on the Committee is one that, except in his or her capacity as a member of the Committee, another Board committee or the Board: (i) does not accept, directly or indirectly, any consulting, advisory or other compensation from the Company or any subsidiary of the Company (excluding fixed compensation amounts under retirement plans for

member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and (ii) discloses such determination in the annual proxy statement.

- Each member of the Committee must be financially literate and have a working familiarity with basic finance and accounting practices as contemplated by NYSE listing standards and SEC rules (or acquire such familiarity within a reasonable period after his or her appointment). At least one member must (i) be an “audit committee financial expert” for purposes of Item 407(d)(5) of Regulation S-K under the Exchange Act³ and (ii) have accounting or related financial management expertise. A person who qualifies as an audit committee financial expert will be presumed to have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or by an outside consultant.
- No member of the Committee shall receive compensation other than (i) director’s fees for service as a director of the Company, including reasonable compensation for serving on the Committee as well as regular benefits that are available to other directors (including equity-based awards), and (ii) a pension or similar compensation for past performance, provided that such compensation is not contingent on continued or future service to the Company.

prior service so long as the compensation is not contingent on continued service) and (ii) is not an “affiliated person” of the Company.

³ For purposes of Item 407(d)(5), the term “audit committee financial expert” means a Committee member with the following attributes:

- an understanding of GAAP and financial statements;
- an ability to assess the general application of GAAP in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engage in such activities;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.
- An audit committee financial expert must have acquired these attributes through:
 - education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
 - experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
 - experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
 - other relevant experience.

B. Appointment and Removal

Each member of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

C. Chairman

Unless a Chairman is elected by the full Board, the members of the Committee shall designate a Chairman by the majority vote of the Committee. The Chairman shall be entitled to cast a vote to resolve any ties. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

III. Meetings

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. The Committee shall periodically meet separately with each of management, the director of the internal audit function and the independent auditors to discuss any matters that the Committee or each of these groups believe would be appropriate to discuss privately. The Committee should also meet with the independent auditors and management quarterly to review the Company's financial statements in a manner consistent with that outlined in Article IV of this Charter. Telephone or other remote meetings may be held, provided that such meetings are conducted in a manner that permits the participation of each member of the Committee. The presence of a majority of the Committee members will constitute a quorum for the transaction of business.

IV. Duties and Responsibilities

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Article I of this Charter. These functions should serve as a guide. The Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other duties and responsibilities delegated to it by the Board.

The Committee is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. The Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention. The Company shall also provide funding, as determined by the Committee, for payment of ordinary administrative expenses of the Committee.

A. Documents/Reports Review

(1) Review with management and the independent auditors prior to public dissemination the Company's annual audited financial statements and quarterly financial statements (including the related notes), including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in all Form 10-K and Form 10-Q filings, and the form of audit opinion to be issued for any relevant financial statements, and discuss with the independent auditors of the matters required to be discussed by Statement of Auditing Standards No. 61 or Statement of Auditing Standards No. 1301, as applicable. Recommend to the Board that the annual audited financial statements be included in the Company's Form 10-K.

(2) Review and discuss with management and the independent auditors the Company's earnings press releases prior to their release, including the type of information to be included and its presentation and the use of any pro forma, adjusted or other non-GAAP financial information, if any.

B. Independent Auditors

(1) Appoint, retain, compensate, evaluate and terminate the Company's independent auditors (subject to the ratification by the Company's stockholders of the selection of the independent auditors) and pre-approve all audit engagement fees and terms and any other non-audit services provided by the independent auditors (and any related fees).

(2) Inform the independent auditors that such firm shall report directly to the Committee.

(3) Oversee the work of the independent auditors, including the resolution of any disagreement between management and the auditors regarding financial reporting, for the purpose of preparing or issuing an audit report or related work.

(4) Approve in advance any significant audit or non-audit engagement or relationship between the Company and the independent auditors (other than "prohibited non-auditing services") in accordance with the Committee's established pre-approval policies and procedures.

(5) Review, at least annually, the qualifications, performance and independence of the independent auditors, including the lead audit partner. In conducting its review and evaluation, the Committee should:

(a) Obtain and review a report by the Company's independent auditors describing: (i) the auditing firm's internal quality-control procedures; (ii) any issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) to assess the auditors' independence, all relationships between the independent auditors and the Company or its subsidiaries; and discuss such report with the independent auditors;

(b) Ensure the rotation of the lead audit partner as required by law or regulation, and consider regular rotation of the audit firm; and

(c) Take into account the opinions of management and the Company's internal auditors (or other personnel responsible for the internal audit function).

(6) Select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

C. Financial Reporting Process

(1) In periodic consultation with each of the independent auditors, management and the internal auditors, review the adequacy, effectiveness and integrity of the Company's internal

controls and financial reporting processes, both internal and external, including significant deficiencies or material weaknesses in the design or operation of, or material changes in, the Company's internal controls or financial reporting processes and any special audit steps adopted in light of any such deficiencies or weaknesses, and any fraud involving management or other employees with a significant role in such internal controls or processes.

(2) Review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, if any, on the financial statements of the Company.

(3) Keep the independent auditors informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company; and review and discuss with the independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, and other significant matters arising from the audit regarding the Company's relationships and transactions with related parties.

(4) Review and discuss with the independent auditors and management (i) any audit problems or other difficulties encountered by the auditors in the course of the audit process, including any restrictions on the scope of the independent auditors' activities or on access to requested information, (ii) any significant disagreements with the Company's management, (iii) management's responses to such matters, and (iv) other material communications between the auditors and management.

(5) Review with management and the independent auditors all critical accounting policies and practices and any major issues regarding accounting principles and financial statement presentation, including significant changes in the Company's selection or application of accounting principles and significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods, if any, on the Company's financial statements.

(6) Review and approve the functions and structure of the Company's internal audit function.

D. Legal Compliance/General

(1) Discuss with management, the internal auditors and the independent auditors the Company's guidelines and policies with respect to risk assessment and risk management, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

(2) Ensure the Company complies with the hiring policies for employees or former employees of the independent auditors.

(3) Establish procedures, in accordance with the procedures outlined in the Company's Code of Business Conduct and Ethics, as amended from time to time, for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

E. Reports

(1) Prepare all reports required to be included in the Company's proxy statement, pursuant to and in accordance with applicable SEC rules and regulations.

(2) Report regularly to the full Board including with respect to any issues that arise as to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.

(3) Maintain minutes of meetings and other activities of the Committee.

V. Reliance on Information Provided

In adopting this Charter, the Board acknowledges that the Committee members are not employees of the Company, and are not providing any expert or special assurance as to the Company's financial statements or any professional certification of the independent auditors' work. Each member of the Committee shall be entitled to rely on the integrity of those persons and organizations within and outside the Company that provide information to the Committee by such persons or organizations, absent actual knowledge to the contrary.

VI. Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of its performance and that of its members, including, but not limited to, a review of the Committee's compliance with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter.