

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported)  
April 27, 2010**

**STURM, RUGER & COMPANY, INC.**  
(Exact Name of Registrant as Specified in its Charter)

<b>DELAWARE</b>	<b>001-10435</b>	<b>06-0633559</b>
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

**ONE LACEY PLACE, SOUTHPORT, CONNECTICUT 06890**  
(Address of Principal Executive Offices) (Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Item 2.02      Results of Operations and Financial Condition**

On April 27, 2010, the Company issued a press release to stockholders and other interested parties regarding financial results for the first quarter ended April 3, 2010. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information in this Current Report on Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

## **Item 8.01      Other Events**

The Company is furnishing a letter made available to its shareholders on April 27, 2010 (the “Letter to Shareholders”). The text of the Letter to Shareholders is attached as Exhibit 99.2 to this Current Report on Form 8-K and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section. This disclosure of the Letter to Shareholders on this Current Report on Form 8-K will not be deemed an admission as to the materiality of any information in the Report that is required to be disclosed by Regulation FD.

The Company does not have, and expressly disclaims, any obligation to release publicly any updates or any changes in the Letter to Shareholders or its expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The Letter to Shareholders is available on the Company’s website at [www.ruger.com/corporate/](http://www.ruger.com/corporate/). The Company reserves the right to discontinue that availability at any time.

## **Item 9.01      Financial Statements and Exhibits.**

### Exhibit No.    Description

- |      |   |
|------|---|
| 99.1 | Press release of Sturm, Ruger & Company, Inc., dated April 27, 2010, reporting the financial results for the first quarter ended April 3, 2010. |
| 99.2 | Letter to Shareholders made available to shareholders on April 27, 2010.  |

## **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, hereunto duly authorized.

STURM, RUGER & COMPANY, INC.

By: /S/ THOMAS A. DINEEN

Name: Thomas A. Dineen

Title: Principal Financial Officer,  
Vice President, Treasurer and  
Chief Financial Officer

Dated: April 27, 2010



# STURM, RUGER & CO., INC.

SOUTHPORT, CONNECTICUT 06890 U.S.A.

FOR IMMEDIATE RELEASE

## STURM, RUGER & COMPANY, INC. REPORTS FIRST QUARTER EARNINGS OF 44¢ PER SHARE

SOUTHPORT, CONNECTICUT, April 27, 2010--Sturm, Ruger & Company, Inc. (NYSE-RGR), announced today that for the first quarter of 2010, the Company reported net sales of \$68.3 million and earnings per share of 44¢, compared with sales of \$63.5 million and earnings per share of 30¢ in the first quarter of 2009.

Chief Executive Officer Michael O. Fifer made the following comments related to the Company's first quarter of 2010:

- Our year-over-year performance was highlighted by a 47% increase in earnings and an 8% increase in net sales.
- Demand for our products remained strong in the first quarter of 2010. Estimated sell-through of our products from distributors to retailers in the first quarter of 2010 increased by approximately 8% from the first quarter of 2009 and approximately 21% from the fourth quarter of 2009. This sales growth, despite *declines* of 4% and 5% in National Instant Criminal Background Check System (NICS) background checks over the same periods, suggests we gained market share.
- Our firearms unit production increased 3% from the fourth quarter of 2009, and 15% from the first quarter of 2009.
- Our backlog grew to 239,900 units and \$72 million at the end of the first quarter of 2010, from 181,000 units and \$60 million at the end of 2009.

- In January, we launched the SR9c, a compact version of the full-size SR9 striker-fired, semi-automatic pistol. The SR9c has been very popular since its introduction, and it has also generated renewed interest in the full-size SR9 pistol.
- New product introductions, including the new SR9c pistol, remain a strong driver of demand, and products introduced since January 2008 represented \$27 million or 39% percent of sales in the first quarter of 2010.
- Cash generated from operations during the first quarter of 2010 was \$10 million. At the end of the first quarter of 2010, our cash and equivalents totaled \$59 million. Our current ratio is 3.1 to 1 and we have no debt.
- During the first quarter of 2010, capital expenditures totaled \$5.7 million, much of it related to tooling and equipment for new products. We expect to invest approximately \$12 to \$18 million for capital expenditures during 2010.
- At the end of the first quarter of 2010, stockholders' equity was \$103 million, which equates to a book value of \$5.39 per share, of which \$3.08 per share was cash and equivalents.

Chief Executive Officer Michael O. Fifer issued a letter to Ruger shareholders today, and the Company filed its Quarterly Report on Form 10-Q for the first quarter of 2010. 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 3, 2010

December 31, 2009

**Assets**

Current Assets		
Cash and cash equivalents	\$ 5,642	\$ 5,008
Short-term investments	53,235	50,741
Trade receivables, net	27,615	25,049
Gross inventories	47,526	51,048
Less LIFO reserve	(38,435)	(38,663)
Less excess and obsolescence reserve	(1,930)	(2,727)
<b>Net inventories</b>	<b>7,161</b>	<b>9,658</b>
Deferred income taxes	5,349	5,893
Prepaid expenses and other current assets	1,542	2,062
<b>Total current assets</b>	<b>100,544</b>	<b>98,411</b>
Property, plant and equipment	139,399	134,057
Less allowances for depreciation	(103,106)	(101,324)
<b>Net property, plant and equipment</b>	<b>36,293</b>	<b>32,733</b>
Deferred income taxes	6,878	6,190
Other assets	4,609	4,345
<b>Total Assets</b>	<b>\$148,324</b>	<b>\$141,679</b>

STURM, RUGER & COMPANY, INC.

April 3, 2010

December 31, 2009

**Liabilities and Stockholders' Equity**

**Current Liabilities**

Trade accounts payable and accrued expenses	\$ 11,824	\$ 12,011
Product liability	961	1,147
Employee compensation and benefits	8,283	12,890
Workers' compensation	5,400	5,443
Income taxes payable	5,733	1,543
<b>Total current liabilities</b>	<b>32,201</b>	<b>33,034</b>

Accrued pension liability	12,180	12,194
Product liability accrual	859	935
Contingent liabilities – Note 9	--	--

**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		
2010 – 22,866,369 issued,		
19,112,548 outstanding		
2009 – 22,826,601 issued,		
19,072,780 outstanding	22,866	22,827

Additional paid-in capital

8,390                          8,031

Retained earnings

122,357                          115,187

Less: Treasury stock – at cost

    2010 and 2009 – 3,753,821 shares                          (30,167)                          (30,167)

Accumulated other comprehensive loss

(20,362)                          (20,362)

**Total Stockholders' Equity**

103,084                          95,516

**Total Liabilities and Stockholders' Equity**

\$148,324                          \$141,679

STURM, RUGER & COMPANY, INC.

Condensed Statements of Income (Unaudited)  
*(Dollars in thousands, except per share data)*

	Three Months Ended	
	April 3, 2010	April 4, 2009
Net firearms sales	\$67,269	\$62,227
Net castings sales	1,007	1,302
<u>Total net sales</u>	<u>68,276</u>	<u>63,529</u>
Cost of products sold	45,145	44,003
<u>Gross margin</u>	<u>23,131</u>	<u>19,526</u>
Expenses:		
Selling	5,899	5,445
General and administrative	3,932	4,147
Other operating expenses, net	400	500
<u>Total operating expenses</u>	<u>10,231</u>	<u>10,092</u>
<u>Operating income</u>	<u>12,900</u>	<u>9,434</u>
Other income:		
Interest (expense) income, net	(33)	(18)
Other income (expense), net	127	(50)
<u>Total other income, net</u>	<u>94</u>	<u>(68)</u>
Income before income taxes	12,994	9,366
<u>Income taxes</u>	<u>4,678</u>	<u>3,559</u>
<u>Net income</u>	<u>\$8,316</u>	<u>\$ 5,807</u>
Earnings per share		
Basic	<u>\$0.44</u>	<u>\$0.30</u>
Diluted	<u>\$0.43</u>	<u>\$0.30</u>
Average shares outstanding		
Basic	<u>19,087</u>	<u>19,045</u>
Diluted	<u>19,340</u>	<u>19,175</u>
Cash dividends per share	<u>\$0.06</u>	<u>=</u>

STURM, RUGER & COMPANY, INC.

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

	Three Months Ended	
	April 3, 2010	April 4, 2009
<b>Operating Activities</b>		
Net income	\$ 8,316	\$ 5,807
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	2,135	1,662
Slow moving inventory valuation adjustment	(761)	-
Stock-based compensation	628	920
Gain on sale of assets	(3)	-
Deferred income taxes	(408)	614
Changes in operating assets and liabilities:		
Trade receivables	(2,566)	198
Inventories	3,258	3,627
Trade accounts payable and accrued expenses	(4,836)	167
Product liability	(262)	(415)
Prepaid expenses, other assets and other liabilities	242	(1,240)
Income taxes payable	4,189	(971)
<b>Cash provided by operating activities</b>	<b>9,932</b>	<b>10,369</b>
<b>Investing Activities</b>		
Property, plant and equipment additions	(5,696)	(3,701)
Proceeds from sale of assets	5	-
Purchases of short-term investments	(34,992)	(25,979)
Proceeds from maturities of short-term investments	32,498	14,559
<b>Cash used for investing activities</b>	<b>(8,185)</b>	<b>(15,121)</b>
<b>Financing Activities</b>		
Tax benefit from exercise of stock options	33	-
Repayment of line of credit balance	-	(1,000)
Repurchase of common stock	-	(14)
Dividends paid	(1,146)	-
<b>Cash used for financing activities</b>	<b>(1,113)</b>	<b>(1,014)</b>
Increase (decrease) in cash and cash equivalents	634	(5,766)
Cash and cash equivalents at beginning of period	5,008	9,688
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,642</b>	<b>\$ 3,922</b>



# STURM, RUGER & CO., INC.

SOUTHPORT, CONNECTICUT 06890 U.S.A.

## To the Shareholders of Sturm, Ruger & Co., Inc.,

We had a very good year in 2009 with net sales of \$271 million and earnings of \$1.44 per share, compared with sales of \$181 million and earnings of 43¢ per share in 2008.

The first quarter of 2010 was also very good, with net sales of \$68.3 million and earnings of 44¢ per share, compared with sales of \$63.5 million and earnings of 30¢ per share in the first quarter of 2009. We are pleased to have improved first quarter year-over-year sales and earnings, because the first half of 2009 clearly benefited from the post-election surge in firearms demand and those quarters represent tough benchmarks to exceed.

### Market Conditions

2009 was a period of unusually high demand for firearms, driven mostly by macro events and concerns outside the control of our industry. While there was high demand overall for firearms in 2009, it is important to note that certain market segments were weak during the year, or started out very strong and then turned very weak mid-year. The post-election surge in firearms demand appeared to last only through the first two quarters of 2009 for semi-automatic, center-fire rifles, but handguns, particularly handguns that might be purchased with self-defense in mind, seemed to hold strong through 2009 and the first quarter of 2010. Other categories, such as shotguns, appeared to be weak all year.

Nonetheless, we enjoyed overall growth in sales and earnings in 2009 and again in the first quarter of 2010. We believe our market share grew during these periods, as we introduced and delivered

attractive new products that drove our growth rate higher than the growth rate in National Instant Criminal Background Check System<sup>1</sup> (NICS) background checks over the same periods.

The estimated unit sell-through of our products from the independent distributors to retailers in 2009 increased by approximately 40% from 2008, and 86% from 2007. This annual growth substantially exceeded the 10% and 25% growth in NICS background checks over the same periods. And the estimated unit sell-through of our products from the independent distributors to retailers in the first quarter of 2010 increased 8% from the first quarter of 2009, compared to a *decrease* in NICS checks over the same period of 4%.

Over half of our 2009 annual sales growth, about \$50 million, was due to increased sales of new products. And in the first quarter of 2010, we launched the SR9c, a compact version of our SR9 striker-fired, semi-automatic 9mm pistol. The SR9c has been very popular since its introduction and it has also generated renewed interest in the full-size SR9.

We remain very committed to developing and introducing innovative new products in growth segments of our market.

## **Manufacturing**

In response to the significant increase in demand in 2009, we increased production in 2009 by 56% from 2008 and 101% from 2007. Production in the first quarter of 2010 increased 15% from the first quarter of 2009. These increases in production were facilitated by our ongoing implementation of lean methodologies in our manufacturing processes, an effort that started in 2006. The work we had completed the previous 2-1/2 years on improving production processes paid off as we were able to quickly scale up production in response to the surge in demand once increased volumes of raw materials and castings started to flow.

Our implementation of lean methodologies in all areas of our business continues, and we are hopeful of further improvements in the years to come that will free up assets (cash, people, space, and capacity) that we can use to invest in top-line growth.

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<sup>1</sup> Trends in the volume of NICS checks are commonly used as a proxy for estimating trends in retail demand for firearms.

## Liquidity, Capital Expenditures, and our Dividend Practice

2009 was a very good year in terms of cash flow, as \$47 million of cash was generated from operations. The first quarter of 2010 also had strong cash flow, with \$10 million generated from operations. As a result, our balance sheet remains very healthy, with approximately \$59 million in cash and equivalents, no debt, and an unused credit line of \$25 million. Additionally, our accounts receivable balance is more than 97% current.

In 2009, capital expenditures totaled \$14 million. We expect to invest approximately \$12 to \$18 million for capital expenditures during 2010. During the first quarter of 2010, we invested \$5.7 million, much of it related to tooling and equipment for new products.

During the past 12 months, Ruger paid dividends totaling \$7 million to our shareholders, based on Ruger's 2009 results of operations. Our dividend practice bears some explanation because it is uncommon, but we think it benefits our shareholders and protects Ruger from issuing dividends greater than our earnings during periods of rapidly changing market conditions. Our quarterly dividends – *which vary every quarter in the amount paid per share* – have been based on a fixed percentage of adjusted operating earnings<sup>2</sup>. We feel that this approach benefits our shareholders as it tracks our underlying operating performance from quarter to quarter more closely than earnings per share, allowing the dividend to better reflect our results than a fixed dividend amount per share. The overall amount paid over the past 12 months was approximately 25% of our reported earnings per share for 2009. Had we adopted a traditional, fixed-amount-per-share dividend at the beginning of 2009, we likely would have chosen a conservative amount per share – not foreseeing just how good 2009 would turn out – and we would have missed the opportunity to dividend as much as we did to our shareholders.

As we get more experience with the impact of this dividend approach on our stock price, we will be better able to evaluate whether it is a benefit to our shareholders, as we hope, or a source of undue confusion with new or potential shareholders who are unfamiliar with the reasoning behind our dividend.

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<sup>2</sup> Adjusted operating earnings is a non-GAAP measure that helps us analyze comparative underlying operating performance on a quarter-to-quarter basis. It adjusts reported operating earnings by eliminating the impact of LIFO income or expense, overhead and direct labor rate changes, excess & obsolete inventory reserve changes, and other income or expenses that we believe are related to other or longer periods of time, such as frozen defined benefit plan expense or product recalls.

On February 5, 2010, we announced that our Board of Directors expanded the authorization for our share repurchase program to \$10 million. No share repurchases have been made since the \$10 million repurchase program was authorized.

Ruger has financed its growth, its investment in capital equipment and new product development, its share repurchases, and its dividends with cash from operations, all while nearly doubling our cash and equivalents in 2009.

## **Summary**

I am optimistic about the opportunities for Ruger to grow and prosper. Ruger has a popular brand, a strong balance sheet, hard-working, dedicated employees, and an experienced and engaged Board of Directors. We have a clear plan to transform the business, using new product introductions to spur demand and adopting lean methodologies throughout the business to enable us to more efficiently fulfill that demand.

We have made significant progress to date in improving the sales and earnings of Ruger. This ongoing effort to improve the fundamentals of our business and to broaden our product line into growth segments will take several years and the road may not always be smooth, especially given the many economic and political factors that may affect our industry, but we anticipate the execution of our strategy will deliver enhanced shareholder value over time.



Michael O. Fifer  
Chief Executive Officer

April 27, 2010

*Certain information relating to projection of the Company's future results is forward-looking and involves risks, uncertainties and assumptions that could cause actual future results to materially differ from the forward-looking information. A discussion of some of the factors that individually or in the aggregate we believe could make our actual future results differ materially from such projections can be found under Item 1A Risk Factors in our Annual Report on Form 10-K filed with the SEC in February 2010. Our quarterly and annual SEC filings are available on the internet at [www.sec.gov](http://www.sec.gov) and [www.ruger.com/corporate/](http://www.ruger.com/corporate/).*