



STURM, RUGER & CO., INC.

SOUTHPORT, CONNECTICUT 06890 U.S.A.

FOR IMMEDIATE RELEASE

STURM, RUGER & COMPANY, INC. REPORTS 2010 EARNINGS OF \$1.48 PER SHARE AND DECLARES DIVIDEND OF 5¢ PER SHARE

SOUTHPORT, CONNECTICUT, February 23, 2011--Sturm, Ruger & Company, Inc. (NYSE-RGR), announced today that for 2010, the Company reported net sales of \$255.2 million and earnings of \$1.48 per share, compared with sales of \$271.0 million and earnings of \$1.44 per share in 2009.

For the fourth quarter of 2010, net sales were \$64.1 million and earnings were 30¢ per share. For the corresponding period in 2009, net sales were \$63.9 million and earnings were 31¢ per share.

The Company also announced today that its Board of Directors declared a dividend of 5¢ per share for the fourth quarter, for shareholders of record as of March 11, 2011, payable on March 25, 2011.

Chief Executive Officer Michael O. Fifer made the following comments related to the Company's results:

- In 2010, the Company launched several new products including the SR9c compact pistol, the LCR-357 revolver, and the SR40 striker-fired pistol. New product introductions remain a strong driver of demand and represented \$62.3 million or 24.8% of sales in 2010.
- The estimated sell-through of the Company's products from distributors to retailers in 2010 increased 2% from 2009. During this period, National Instant Criminal Background Check System ("NICS") background checks (as adjusted by the National Shooting Sports Foundation) decreased 1%.
- Cash generated from operations during 2010 was \$32.5 million. At December 31, 2010, our cash and equivalents and short-term investments totaled \$57.6 million. Our current ratio is 3.2 to 1 and we have no debt.
- In 2010, capital expenditures totaled \$19.4 million, much of it related to tooling and equipment for new products. We expect to invest approximately \$15 million for capital expenditures during 2011.
- At December 31, 2010, stockholders' equity was \$114.5 million, which equates to a book value of \$6.08 per share, of which \$3.06 per share was cash and equivalents and short-term investments.

- In 2010, we returned \$12.0 million to our shareholders through the following:
 1. Paying \$6.3 million of dividends, and
 2. Repurchasing 412,000 shares of our common stock in the open market at an average price of \$13.83 per share, for a total of \$5.7 million.
- In January 2011, we repurchased an additional 133,400 shares of our common stock in the open market at an average price of \$14.98 per share.

Today, the Company filed its Annual Report on Form 10-K for 2010. The financial statements included in this Annual Report on Form 10-K are attached to this press release.

The Annual Report on Form 10-K is available on the SEC website at www.sec.gov and the Ruger website at www.ruger.com/corporate/. Investors are urged to read the complete Annual Report on Form 10-K 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, 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

(Dollars in thousands, except share data)

| <i>December 31,</i> | 2010 | 2009 |
|---|-------------|-----------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 5,132 | \$ 5,008 |
| Short-term investments | 52,493 | 50,741 |
| Trade receivables, net | 31,565 | 25,049 |
| Gross inventories | 48,820 | 51,048 |
| Less LIFO reserve | (37,448) | (38,663) |
| Less excess and obsolescence reserve | (1,545) | (2,727) |
| Net inventories | 9,827 | 9,658 |
| Deferred income taxes | 4,780 | 5,893 |
| Prepaid expenses and other current assets | 1,427 | 2,062 |
| Total Current Assets | 105,224 | 98,411 |
| Property, Plant, and Equipment | 150,379 | 134,057 |
| Less allowances for depreciation | (107,458) | (101,324) |
| Net property, plant and equipment | 42,921 | 32,733 |
| Deferred income taxes | 5,443 | 6,190 |
| Other assets | 4,173 | 4,345 |
| Total Assets | \$157,761 | \$141,679 |

STURM, RUGER & COMPANY, INC.

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

| <i>December 31,</i> | 2010 | 2009 |
|---|------------------|------------------|
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | | |
| Trade accounts payable and accrued expenses | \$ 16,492 | \$ 12,011 |
| Product liability | 449 | 1,147 |
| Employee compensation and benefits | 10,923 | 12,890 |
| Workers' compensation | 4,893 | 5,443 |
| Income taxes payable | 582 | 1,543 |
| Total Current Liabilities | 33,339 | 33,034 |
| Accrued pension liability | 9,369 | 12,194 |
| Product liability | 573 | 935 |
| Contingent liabilities (Note 17) | - | - |
| 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 – 23,003,285 issued, 18,837,251 outstanding | | |
| 2009 – 22,826,601 issued, 19,072,780 outstanding | 23,003 | 22,827 |
| Additional paid-in capital | 9,885 | 8,031 |
| Retained earnings | 137,125 | 115,187 |
| Less: Treasury stock – at cost 2010 – 4,166,034 shares 2009 – 3,753,821 shares | (35,885) | (30,167) |
| Accumulated other comprehensive loss | (19,648) | (20,362) |
| Total Stockholders' Equity | 114,480 | 95,516 |
| Total Liabilities and Stockholders' Equity | \$157,761 | \$141,679 |

STURM, RUGER & COMPANY, INC.

Condensed Statements of Income

(Dollars in thousands, except per share data)

| <i>Year ended December 31,</i> | 2010 | 2009 | 2008 |
|--|-------------|-----------|-----------|
| Net firearms sales | \$251,680 | \$266,566 | \$174,416 |
| Net castings sales | 3,526 | 4,419 | 7,067 |
| Total net sales | 255,206 | 270,985 | 181,483 |
| Cost of products sold | 171,224 | 183,380 | 138,730 |
| Gross profit | 83,982 | 87,605 | 42,753 |
| Operating Expenses: | | | |
| Selling | 23,517 | 21,822 | 17,189 |
| General and administrative | 16,652 | 20,387 | 12,867 |
| Other operating expenses (income), net | 420 | 1,492 | (840) |
| Total operating expenses | 40,589 | 43,701 | 29,216 |
| Operating income | 43,393 | 43,904 | 13,537 |
| Other income: | | | |
| Royalty income | 429 | 490 | 141 |
| Interest income | 48 | 118 | 405 |
| Interest expense | (143) | (158) | (63) |
| Other income (expense), net | 422 | 6 | (42) |
| Total other income, net | 756 | 456 | 441 |
| Income before income taxes | 44,149 | 44,360 | 13,978 |
| Income taxes | 15,894 | 16,857 | 5,312 |
| Net income | \$28,255 | \$ 27,503 | \$ 8,666 |
| Basic Earnings Per Share | \$ 1.48 | \$ 1.44 | \$ 0.43 |
| Fully Diluted Earnings Per Share | \$ 1.46 | \$ 1.42 | \$ 0.43 |
| Cash Dividends Per Share | \$ 0.33 | \$ 0.31 | \$ 0.00 |

STURM, RUGER & COMPANY, INC.

Condensed Statements of Cash Flows
(Dollars in thousands)

| <i>Year ended December 31,</i> | 2010 | 2009 | 2008 |
|---|-------------|-----------|----------|
| Operating Activities | | | |
| Net income | \$28,255 | \$ 27,503 | \$ 8,666 |
| Adjustments to reconcile net income to cash provided by operating activities: | | | |
| Depreciation | 9,207 | 7,300 | 5,365 |
| Stock-based compensation | 2,589 | 4,205 | 467 |
| Slow moving inventory valuation adjustment | (1,057) | 239 | 495 |
| Loss (gain) on sale of assets | 22 | (45) | (95) |
| Deferred income taxes | 493 | 2,060 | (4,639) |
| Changes in operating assets and liabilities: | | | |
| Trade receivables | (6,516) | 760 | (10,173) |
| Inventories | 888 | 2,042 | 863 |
| Trade accounts payable and other liabilities | 3,932 | 2,150 | 1,533 |
| Employee compensation and benefits | (1,967) | 4,896 | 3,134 |
| Product liability | (1,060) | 339 | (189) |
| Prepaid expenses, other assets and other liabilities | (1,333) | (2,132) | 1,995 |
| Income taxes payable | (962) | (2,628) | 3,760 |
| Cash provided by operating activities | 32,491 | 46,689 | 11,182 |
| Investing Activities | | | |
| Property, plant, and equipment additions | (19,409) | (13,819) | (9,488) |
| Purchases of short-term investments | (164,966) | (77,281) | (45,363) |
| Proceeds from sales or maturities of short-term investments | 163,214 | 45,098 | 57,309 |
| Net proceeds from sale of assets | 21 | 51 | 95 |
| Cash (used for) provided by investing activities | (21,140) | (45,951) | 2,553 |
| Financing Activities | | | |
| Dividends paid | (6,317) | (5,816) | - |
| Tax benefit from exercise of stock options | 808 | 1,412 | - |
| Repurchase of common stock | (5,718) | (14) | (10,153) |
| (Repayment of) increase in line of credit | - | (1,000) | 1,000 |
| Cash used for financing activities | (11,227) | (5,418) | (9,153) |
| Increase (decrease) in cash and cash equivalents | 124 | (4,680) | 4,582 |
| Cash and cash equivalents at beginning of year | 5,008 | 9,688 | 5,106 |
| Cash and cash equivalents at end of year | \$ 5,132 | \$ 5,008 | \$ 9,688 |