

STURM, RUGER & Company, Inc.
Southport, CT 06890

ALL RUGER FIREARMS ARE DESIGNED AND MANUFACTURED IN OUR OWN FACTORIES IN THE UNITED STATES OF AMERICA

FOR IMMEDIATE RELEASE

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STURM, RUGER & COMPANY, INC. REPORTS

THIRD QUARTER EARNINGS

SOUTHPORT, CONNECTICUT, October 22, 2002--Sturm, Ruger & Company, Inc. (NYSE-RGR), the nation's largest producer of firearms, today reported third quarter net sales of \$38.0 million compared to \$41.1 million in the third quarter of 2001. Net income for the quarter ended September 30, 2002 totaled \$1.4 million or \$0.05 per share versus \$2.7 million or \$0.10 per share in the comparable quarter of 2001.

For the nine months ended September 30, 2002, net sales were \$126.3 million and net income was \$8.8 million or \$0.33 per share. For the corresponding period in 2001, net sales were \$122.7 million and net income was \$8.6 million or \$0.32 per share.

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Chairman William B. Ruger, Jr. commented on the results of the firearms business, "The 15% decline in third quarter shipments reflects both a softness in demand in that quarter and unusually strong demand in the third quarter of 2001. For the nine months ended September 30, however, shipments are 5% ahead of last year. Shipments of several of our "classic" models, such as our 10/22 rifles, single-action revolvers, rimfire pistols, and centerfire pistols have increased over the prior year. Demand for our new Ruger 77/17 Bolt Action Rifle chambered for the new high velocity .17 HMR cartridge remains strong and our new highly-acclaimed Gold Label side-by-side shotgun has been the subject of much interest since it was awarded "Shotgun of the Year" at the SHOT Show in February. Shipments are expected to begin in the fourth quarter of this year. A fall hunting rebate program was also put into effect beginning August 1st."

Commenting on the castings segment, Mr. Ruger continued, "Although quarterly castings sales increased by 5%, the investment castings segment continues to suffer from sluggish economic conditions, as evidenced by the year-to-date sales decline of 17%. While these short-term results are clearly unacceptable, we are thoroughly revamping this once flourishing segment. I am confident that we have the expertise and ability to successfully challenge foreign competition in the American market."

The Company's success in the courtroom continues. On September 20, 2002, the Indiana Court of Appeals affirmed the January 12, 2001 dismissal of the City of Gary's complaint as to all firearms manufacturers on all counts, including allegations of public nuisance, negligent distribution and marketing, failure to warn, and negligent design. Senior Executive Vice President

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and General Counsel Stephen L. Sanetti expressed his satisfaction with the court's decision and with recent developments, "We continue to steadily make progress in the remaining lawsuits. As again evidenced by this latest decision in Indiana, when established law is appropriately applied and politics is removed from the equation, we are vindicated. Firearms accidents continue to decline to record lows, and our long-standing firearms safety programs continue to show positive results."

Commenting on recently-publicized events involving other companies which have caused some concern among the financial community, President Erle G. Blanchard stated, "I am pleased to report that the Company's financial reporting and regular disclosures to its shareholders and government regulators have continuously met the highest ethical standards, even before those required by recent laws and regulations. We have run the Company in the way we sincerely believe best meets the interests of our shareholders, our employees, and of course, our loyal customers. We do not have the burden of servicing any debt; nor do we attempt to manage the Company's affairs to maximize today's short-term share price. In the spirit which our late Founder and Chairman Emeritus William B. Ruger counseled, we strive to produce the high quality products demanded by our customers as efficiently as possible, which results in maximum long-term value for all concerned, without resort to the financial analysts' shenanigans recently noted in other institutions. Our shareholders can continue to rely upon solid, straightforward reports of our operating results as seen in these pages."

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 are

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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.

STURM, RUGER & COMPANY, INC.

Condensed Consolidated Statement of Income (unaudited)

(in thousands, except per share amounts)

	Three Months Ended September 30				Nine Months Ended September 30			
	2002	%	2001	%	2002	%	2001	%
Firearms sales	\$32,210	84.7	\$35,609	86.6	\$108,366	85.8	\$100,989	82.3
Castings sales	<u>5,830</u>	<u>15.3</u>	<u>5,529</u>	<u>13.4</u>	<u>17,898</u>	<u>14.2</u>	<u>21,681</u>	<u>17.7</u>
Net sales	38,040	100.0	41,138	100.0	126,264	100.0	122,670	100.0
Cost of products sold	<u>31,115</u>	<u>81.8</u>	<u>32,946</u>	<u>80.1</u>	<u>97,114</u>	<u>76.9</u>	<u>95,292</u>	<u>77.7</u>
Gross profit	6,925	18.2	8,192	19.9	29,150	23.1	27,378	22.3
Expenses:								
Selling	3,696	9.7	3,076	7.5	11,111	8.8	10,781	8.8
General and administrative	<u>1,504</u>	<u>4.0</u>	<u>1,326</u>	<u>3.2</u>	<u>4,720</u>	<u>3.7</u>	<u>5,001</u>	<u>4.1</u>
	<u>5,200</u>	<u>13.7</u>	<u>4,402</u>	<u>10.7</u>	<u>15,831</u>	<u>12.5</u>	<u>15,782</u>	<u>12.9</u>
	1,725	4.5	3,790	9.2	13,319	10.6	11,596	9.4
Other income-net	<u>545</u>	<u>1.5</u>	<u>624</u>	<u>1.5</u>	<u>1,367</u>	<u>1.1</u>	<u>2,586</u>	<u>2.1</u>
Income before income taxes	2,270	6.0	4,414	10.7	14,686	11.7	14,182	11.5
Income taxes	<u>910</u>	<u>2.4</u>	<u>1,730</u>	<u>4.2</u>	<u>5,889</u>	<u>4.7</u>	<u>5,559</u>	<u>4.5</u>
Net income	<u>\$1,360</u>	<u>3.6</u>	<u>\$2,684</u>	<u>6.5</u>	<u>\$8,797</u>	<u>7.0</u>	<u>\$8,623</u>	<u>7.0</u>
Earnings per share								
Basic	\$0.05		\$0.10		\$0.33		\$0.32	
Diluted	\$0.05		\$0.10		\$0.33		\$0.32	
Cash dividends per share	\$0.20		\$0.20		\$0.60		\$0.60	
Average shares outstanding								
Basic	26,911		26,911		26,911		26,911	
Diluted	26,911		26,911		26,911		26,911	

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STURM, RUGER & COMPANY, INC.

Condensed Consolidated Balance Sheet (unaudited)

(in thousands)

	September 30 <u>2002</u>
<u>Assets</u>	
Cash and cash equivalents	\$3,644
Short-term investment	58,715
Trade receivables, net	18,630
Inventories	46,864
Deferred income taxes	7,712
Prepaid expenses and other assets	<u>2,306</u>
Total current assets	137,871
Property, plant and equipment	153,337
Less depreciation	<u>(120,063)</u>
	33,274
Deferred income taxes	2,797
Other assets	<u>22,193</u>
Total	<u>\$196,135</u>
<u>Liabilities & Stockholders' Equity</u>	
Trade accounts payable and accrued expenses	\$7,219
Product liability	4,000
Employee compensation	11,181
Workers' compensation	4,634
Income taxes	<u>1,105</u>
Total current liabilities	28,139
Deferred income taxes	4,677
Product liability accrual	6,311
Stockholders' equity	<u>157,008</u>
Total	<u>\$196,135</u>

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