



STURM, RUGER & CO., INC.

SOUTHPORT, CONNECTICUT 06890 U.S.A.

FOR IMMEDIATE RELEASE

STURM, RUGER & COMPANY, INC. REPORTS THIRD QUARTER RESULTS AND FILES QUARTERLY REPORT ON FORM 10-Q

SOUTHPORT, CONNECTICUT, October 29, 2008--Sturm, Ruger & Company, Inc. (NYSE-RGR), today filed its Quarterly Report on Form 10-Q for the third quarter of 2008 and a letter to Ruger shareholders on Form 8-K, which have been posted and are available on the SEC website at www.sec.gov and the Ruger website at www.ruger.com/corporate/. The financial statements included in this Quarterly Report on Form 10-Q are attached to this press release. However, 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.

For the third quarter of 2008, the Company reported net sales of \$41.8 million and earnings per share of \$0.02, compared with sales of \$31.9 million and a loss per share of \$(0.03) in the third quarter of 2007.

Chief Executive Officer, Michael O. Fifer made the following comments related to the third quarter of 2008:

- Our sales grew 31% from the third quarter of 2007 and 8% from the second quarter of 2008, primarily on the strength of new product shipments.
- At the end of the quarter, our cash, cash equivalents and short-term investments totaled \$22.6 million. Our pre-LIFO working capital of \$91.6 million, less the LIFO reserve

of \$47.5 million, resulted in working capital of \$44.1 million and a current ratio of 2.8 to 1.

- To enhance and protect our strong liquidity in reaction to the recent turmoil in the financial markets, in late October we drew down \$1 million from our \$25 million credit facility to ensure our access to it, and moved approximately \$16 million from money market funds investing in Treasury Bills to direct investments in Treasury Bills.
- The Company has completed its share repurchase announced in April 2008. Under a 10b5-1 program that expired on October 17, the Company repurchased a total of 1.5 million shares of its common stock for \$9.9 million in the open market, representing 7.2% of the outstanding shares, at an average price per share of \$6.59. At the completion of this program and before drawing on the credit line, cash and equivalents were approximately \$20 million and there were 19.1 million shares outstanding.
- Recently, the Company received a small number of reports from the field that its LCP pistols can discharge if dropped onto a hard surface. Although no injuries were reported, the Company recalled all LCP pistols in October 2008 to offer free safety upgrades. The estimated cost of this retrofit program of approximately \$2.3 million was recorded in the third quarter of 2008 and had the impact of reducing earnings per share by \$0.07 in the quarter. This safety upgrade program is expected to be in effect for several years.

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)

	September 27, 2008	December 31, 2007
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,580	\$ 5,106
Short-term investments	20,035	30,504
Trade receivables, net	19,504	15,636
Gross inventories	67,667	64,330
Less LIFO reserve	(47,454)	(46,890)
Less excess and obsolescence reserve	(3,383)	(4,143)
Net inventories	16,830	13,297
Deferred income taxes	5,829	5,878
Prepaid expenses and other current assets	3,830	3,091
Total current assets	68,608	73,512
Property, plant and equipment	125,407	126,496
Less allowances for depreciation	(100,467)	(104,418)
Net property, plant and equipment	24,940	22,078
Deferred income taxes	3,542	3,626
Other assets	2,921	2,666
Total Assets	\$100,011	\$101,882

STURM, RUGER & COMPANY, INC.

September 27, 2008

December 31, 2007

Liabilities and Stockholders' Equity

Current Liabilities		
Trade accounts payable and accrued expenses	\$ 10,927	\$ 8,102
Product liability	1,034	1,208
Employee compensation and benefits	5,753	4,860
Workers' compensation	5,003	5,667
Income taxes payable	1,743	411
Total current liabilities	24,460	20,248
Accrued pension liability	2,721	4,840
Product liability accrual	637	725
Contingent liabilities	--	--
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; 22,798,732 issued and 19,458,943 and 20,571,817 outstanding	22,799	22,788
Additional paid-in capital	2,394	1,836
Retained earnings	87,741	84,834
Less: Treasury stock – 3,339,789 and 2,215,995 shares, at cost	(27,352)	(20,000)
Accumulated other comprehensive loss	(13,389)	(13,389)
Total Stockholders' Equity	72,193	76,069
Total Liabilities and Stockholders' Equity	\$100,011	\$101,882

STURM, RUGER & COMPANY, INC.

Condensed Statements of Income (Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 27, 2008	September 30, 2007	September 27, 2008	September 30, 2007
Net firearms sales	\$40,318	\$29,298	\$117,186	\$112,535
Net castings sales	1,504	2,565	5,806	9,892
Total net sales	41,822	31,863	122,992	122,427
Cost of products sold	34,964	26,268	96,985	88,140
Gross profit	6,858	5,595	26,007	34,287
Expenses:				
Selling	3,864	3,853	12,350	10,747
General and administrative	2,615	2,675	9,524	10,510
Pension plan curtailment charge	-	1,143	-	1,143
Other operating expenses, net	-	489	-	489
Total expenses	6,479	8,160	21,874	22,889
Operating income (loss)	379	(2,565)	4,133	11,398
Other income:				
Gain on sale of real estate	-	-	-	7,085
Interest income	72	772	352	1,966
Other income (expense), net	150	51	204	(168)
Total other income, net	222	823	556	8,883
Income (loss) before income taxes	601	(1,742)	4,689	20,281
Income taxes (benefit)	229	(1,125)	1,782	7,707
Net income (loss)	\$ 372	(\$ 617)	\$ 2,907	\$ 12,574
Earnings (loss) per share				
Basic	<u>\$0.02</u>	<u>(\$0.03)</u>	<u>\$0.14</u>	<u>\$0.55</u>
Diluted	<u>\$0.02</u>	<u>(\$0.03)</u>	<u>\$0.14</u>	<u>\$0.55</u>
Average shares outstanding				
Basic	<u>20,047</u>	<u>22,759</u>	<u>20,398</u>	<u>22,686</u>
Diluted	<u>20,054</u>	<u>22,759</u>	<u>20,429</u>	<u>23,030</u>

STURM, RUGER & COMPANY, INC.

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

	Nine Months Ended	
	September 27, 2008	September 30, 2007
Operating Activities		
Net income	\$2,907	\$12,574
Adjustments to reconcile net income to cash (used for) provided by operating activities:		
Depreciation	3,518	3,126
Slow moving inventory valuation adjustment	280	(1,590)
Asset impairment charge	-	489
Pension plan curtailment charge	-	1,143
Stock option expense	419	297
Gain on sale of assets	(95)	(7,141)
Deferred income taxes	133	4,705
Changes in operating assets and liabilities:		
Trade receivables	(3,868)	2,941
Inventories	(3,813)	14,515
Trade accounts payable and accrued expenses	3,054	(3,546)
Product liability	(263)	282
Prepaid expenses, other assets and other liabilities	(2,963)	(1,665)
Income taxes	1,333	(196)
Cash provided by operating activities	642	25,934
Investing Activities		
Property, plant and equipment additions	(6,380)	(3,128)
Proceeds from the sale of assets	95	12,542
Purchases of short-term investments	(21,931)	(49,832)
Proceeds from maturities of short-term investments	32,400	11,000
Cash provided by (used for) investing activities	4,184	(29,418)
Financing Activities		
Payments of employee withholding tax for cashless exercise of stock options	-	(1,126)
Repurchase of common stock	(7,352)	-
Cash (used for) financing activities	(7,352)	(1,126)
Decrease in cash and cash equivalents	(2,526)	(4,610)
Cash and cash equivalents at beginning of period	5,106	7,316
Cash and cash equivalents at end of period	\$2,580	\$ 2,706