



**STURM, RUGER & CO., INC.**  
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FOR IMMEDIATE RELEASE

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## STURM, RUGER & COMPANY, INC. REPORTS

### SECOND QUARTER RESULTS

SOUTHPORT, CONNECTICUT, July 20, 2005-- Sturm, Ruger & Company, Inc. (NYSE-RGR), today reported second quarter 2005 net sales of \$34.4 million compared to \$32.7 million in the second quarter of 2004. The Company reported break-even results for the second quarter of 2005 compared to a net loss of \$0.5 million or \$0.02 per share in the second quarter of 2004.

For the six months ended June 30, 2005, net sales were \$78.7 million and net income was \$3.7 million or \$0.14 per share. For the corresponding period in 2004, net sales were \$73.0 million and net income was \$3.4 million or \$0.13 per share.

Chairman William B. Ruger, Jr. commented on the firearms results, "Firearm unit shipments in the second quarter increased 11% from the prior year due to strong demand and shipments of the new family of Ruger Mark III .22 caliber pistols, the Ruger P345 centerfire pistols, and Ruger 10/22 rifles. Shipments of our 10/22 rifles were enhanced by a dealer-driven rebate program in effect in May and June.

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“Also in high demand are the new family of Ruger Vaqueros, the 50<sup>th</sup> Anniversary Ruger Blackhawk, the new family of Ruger Ranch Rifles and the Ruger Super Redhawk Alaskan. Production issues have significantly curtailed new revolver and rifle shipments. We are steadfast in our aggressive efforts to rectify these production process improvement issues and to fill this demand in earnest, and we look forward to significantly increased new revolver and rifle shipments in the latter half of the year.”

Mr. Ruger elaborated on the castings results, “Our castings business continues to improve. We are pleased with the 18% increase in sales in the first half of the year and the substantial improvement in this segment’s operating results from 2004.”

Mr. Ruger also commented on the Company’s strong balance sheet, “At June 30, 2005, we remain debt free, with \$33 million of cash and short-term investments.”

The Company continued to prevail in the courts during the second quarter. On April 21, 2005, the District of Columbia Court of Appeals issued an en banc opinion, following what has become a strong legal trend, unanimously affirming dismissal of all the District’s common law claims, including “negligence” and “public nuisance”, against all defendants in the Washington, D.C. municipal lawsuit against the Company and other members of the firearms industry. However, the court let stand individual claims of criminal assaults with “Assault Weapons” or “Machine Guns” under the District of Columbia’s Strict Liability Act. At this time, the Company does not believe that any of its firearms are implicated, but the language of this statute is imprecise and could easily be misread to encompass many conventional types of firearms.

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Stephen L. Sanetti, President and Chief Operating Officer, commented on the Company's continuing legal successes and the favorable trend of declining shooting-related injuries, "Violent crime is at a twenty year low, and firearms accidents are again at an all-time low, due in part to many voluntary efforts of Sturm, Ruger and the responsible firearms industry. The number of our pending traditional product liability lawsuits is one – also an all-time low. The District of Columbia case demonstrates, however, the need to end needless and wasteful municipal litigation. Congress should swiftly enact legislation pre-empting lawsuits claiming manufacturer's liability for criminally misused, lawfully sold, non-defective products. Such legislation may be considered by Congress in the coming months."

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 engaged in the manufacture of the world famous **RUGER**<sup>®</sup> 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

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against the Company including lawsuits filed by mayors, attorneys general and other governmental entities, 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.

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STURM, RUGER & COMPANY, INC.  
Condensed Statements of Income (unaudited)  
(in thousands, except per share amounts)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2005	%	2004	%	2005	%	2004	%
Firearms sales	\$28,720	83.5	\$27,598	84.4	\$67,820	86.2	\$63,736	87.4
Castings sales	5,675	16.5	5,115	15.6	10,835	13.8	9,214	12.6
Net sales	<u>34,395</u>	100.0	<u>32,713</u>	100.0	<u>78,655</u>	100.0	<u>72,950</u>	100.0
Cost of products sold	<u>28,750</u>	83.6	<u>27,951</u>	85.4	<u>61,162</u>	77.8	<u>55,977</u>	76.7
Gross profit	5,645	16.4	4,762	14.6	17,493	22.2	16,973	23.3
Expenses:								
Selling	4,149	12.1	3,865	11.8	8,210	10.4	8,015	11.0
General and administrative	<u>1,634</u>	<u>4.7</u>	<u>1,660</u>	<u>5.1</u>	<u>3,262</u>	<u>4.1</u>	<u>3,336</u>	<u>4.6</u>
	<u>5,783</u>	<u>16.8</u>	<u>5,525</u>	<u>16.9</u>	<u>11,472</u>	<u>14.5</u>	<u>11,351</u>	<u>15.6</u>
Operating income(loss)	(138)	(0.4)	(763)	(2.3)	6,021	7.7	5,622	7.7
Other income(loss)-net	<u>135</u>	<u>0.4</u>	<u>(7)</u>	<u>(0.0)</u>	<u>121</u>	<u>0.1</u>	<u>83</u>	<u>0.1</u>
Income(loss) before income taxes	(3)	0.0	(770)	(2.3)	6,142	7.8	5,705	7.8
Income taxes	<u>(1)</u>	<u>(0.0)</u>	<u>(309)</u>	<u>(0.9)</u>	<u>2,463</u>	<u>3.1</u>	<u>2,288</u>	<u>3.1</u>
Net income(loss)	<u>(\$2)</u>	<u>0.0</u>	<u>(\$461)</u>	<u>(1.4)</u>	<u>\$3,679</u>	<u>4.7</u>	<u>\$3,417</u>	<u>4.7</u>
Earnings per share								
Basic	\$0.00		(\$0.02)		\$0.14		\$0.13	
Diluted	\$0.00		(\$0.02)		\$0.14		\$0.13	
Cash dividends per share	\$0.10		\$0.20		\$0.20		\$0.40	
Average shares outstanding								
Basic	26,911		26,911		26,911		26,911	
Diluted	26,911		26,911		26,911		26,983	

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STURM, RUGER & COMPANY, INC.  
Condensed Balance Sheet (unaudited)  
(in thousands)

	June 30, 2005
<u>Assets</u>	
Cash and cash equivalents	\$4,161
Short-term investments	28,905
Trade receivables, net	14,257
Inventories	51,571
Deferred income taxes	6,984
Prepaid expenses and other assets	2,687
Total current assets	108,565
Property, plant and equipment	161,036
Less depreciation	(134,617)
	26,419
Deferred income taxes	833
Other assets	8,679
Total	\$144,496
 <u>Liabilities and Stockholders' Equity</u>	
Trade accounts payable and accrued expenses	\$4,108
Product liability	1,302
Employee compensation	6,519
Workers' compensation	5,653
Income taxes	935
Total current liabilities	18,517
Accrued pension liability	6,422
Product liability accrual	1,092
Stockholders' equity	118,465
Total	\$144,496

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