

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2004

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 0-4776

STURM, RUGER & COMPANY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

06-0633559

(I.R.S. Employer
Identification No.)

Lacey Place, Southport, Connecticut

(Address of Principal Executive Offices)

06890

(Zip Code)

(203) 259-7843

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the issuer's common stock, \$1 par value, at April 30, 2004: 26,910,720.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)
STURM, RUGER & COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	March 31, 2004 <u>(unaudited)</u>	December 31, 2003 <u>(Note)</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,861	\$ 3,446
Short-term investments	48,091	50,026
Trade receivables, less allowances for doubtful accounts (\$373 and \$441) and discounts (\$448 and \$772)	16,851	13,284
Inventories:		
Finished products	13,580	15,243
Materials and products in process	34,953	33,286
	<u>48,533</u>	<u>48,529</u>
Deferred income taxes	7,523	7,284
Prepaid expenses and other current assets	1,624	1,985
Total current assets	<u>125,483</u>	<u>124,554</u>
Property, plant and equipment	156,839	155,689
Less allowances for depreciation	<u>(129,940)</u>	<u>(128,525)</u>
	26,899	27,164
Deferred income taxes	7,907	8,248
Other assets	9,989	10,047
Total Assets	<u><u>\$170,278</u></u>	<u><u>\$170,013</u></u>

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)
STURM, RUGER & COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	March 31, 2004 <u>(unaudited)</u>	December 31, 2003 <u>(Note)</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Trade accounts payable and accrued expenses	\$ 5,004	\$ 4,386
Product liability	4,000	4,000
Employee compensation and benefits	6,601	6,177
Workers' compensation	6,007	6,057
Income taxes	2,386	1,219
Total current liabilities	<u>23,998</u>	<u>21,839</u>
Accrued pension liability	4,738	4,729
Deferred income taxes	7,645	7,140
Product liability accrual	1,760	2,665
Contingent liabilities --Note 8	-	-
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; issued and outstanding 26,910,720	26,911	26,911
Additional paid-in capital	2,508	2,508
Retained earnings	111,363	112,866
Accumulated other comprehensive income	(8,645)	(8,645)
Total Stockholders' Equity	<u>132,137</u>	<u>133,640</u>
Total Liabilities and Stockholders' Equity	<u>\$170,278</u>	<u>\$170,013</u>

Note:

The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

See notes to condensed consolidated financial statements.

STURM, RUGER & COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands, except per share data)

	Three Months Ended March 31,	
	2004	2003
Net firearms sales	\$36,138	\$36,483
Net castings sales	4,099	4,649
Total net sales	40,237	41,132
Cost of products sold	28,026	28,695
Gross profit	12,211	12,437
Expenses:		
Selling	4,150	3,897
General and administrative	1,676	1,375
	5,826	5,272
Operating profit	6,385	7,165
Other income-net	90	392
Income before income taxes	6,475	7,557
Income taxes	2,596	3,030
Net income	<u>\$ 3,879</u>	<u>\$ 4,527</u>
Earnings per share		
Basic	<u>\$0.14</u>	<u>\$0.17</u>
Diluted	<u>\$0.14</u>	<u>\$0.17</u>
Cash dividends per share	<u>\$0.20</u>	<u>\$0.20</u>
Average shares outstanding		
Basic	<u>26,911</u>	<u>26,911</u>
Diluted	<u>27,008</u>	<u>26,911</u>

See notes to condensed consolidated financial statements.

STURM, RUGER & COMPANY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Three Months Ended March 31,	
	2004	2003
Cash Provided by Operating Activities	\$ 4,012	\$ 7,894
Investing Activities		
Property, plant and equipment additions	(1,150)	(1,424)
Purchases of short-term investments	(32,460)	(36,366)
Proceeds from sales or maturities of short-term investments	34,395	34,741
Cash provided (used) by investing activities	<u>785</u>	<u>(3,049)</u>
Financing Activities		
Dividends paid	<u>(5,382)</u>	<u>(5,382)</u>
Cash used by financing activities	<u>(5,382)</u>	<u>(5,382)</u>
Decrease in cash and cash equivalents	(585)	(537)
Cash and cash equivalents at beginning of period	<u>3,446</u>	<u>3,598</u>
Cash and cash equivalents at end of period	<u><u>\$2,861</u></u>	<u><u>\$3,061</u></u>

See notes to condensed consolidated financial statements.

STURM RUGER & COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2004

NOTE 1--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of the results of the interim periods. Operating results for the three months ended March 31, 2004 are not necessarily indicative of the results to be expected for the full year ending December 31, 2004. For further information refer to the consolidated financial statements and footnotes thereto included in the Sturm, Ruger & Company, Inc. Annual Report on Form 10-K for the year ended December 31, 2003.

NOTE 2--SIGNIFICANT ACCOUNTING POLICIES

Organization: Sturm, Ruger & Company, Inc. ("Company") is principally engaged in the design, manufacture, and sale of firearms and the manufacture and sale of investment castings. The Company's design and manufacturing operations are located in the United States. Substantially all sales are domestic. The Company's firearms are sold through a select number of independent wholesale distributors to the sporting and law enforcement markets. Investment castings are sold either directly to or through manufacturers' representatives to companies in a wide variety of industries.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior year balances have been reclassified to conform with current year presentation.

Stock Options: The Company accounts for employee stock options under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation" as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." Had compensation expense for the Plans

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)--
CONTINUED

been determined in accordance with SFAS No. 123, the Company's net income and earnings per share would have been reduced to the following pro forma amounts (in thousands, except per share data):

Three months ended March 31,	2004	2003
Net Income:		
As reported	\$3,879	\$4,527
Add: Recognized stock-based employee compensation, net of tax	--	--
Deduct: Employee compensation expense determined under fair value method, net of tax	(12)	(97)
Pro forma	\$3,867	\$4,430
Earnings per Share (Basic and Diluted):		
As reported	\$0.14	\$0.17
Pro forma	\$0.14	\$0.16

The fair value of stock-based compensation expense was computed using the Black-Scholes option-pricing model with the following weighted average assumptions in 2001: dividend yield of 8.0%, expected volatility of 34.3%, risk free rate of return of 2.0%, and expected lives of 5 years. The estimated fair value of options granted is subject to the assumptions made and if the assumptions changed, the estimated fair value amounts could be significantly different.

Recent Accounting Pronouncements: The Company is not aware of any recent accounting pronouncements that are expected to have a material effect on its financial position or financial results.

NOTE 3--INVENTORIES

Inventories are valued using the last-in, first-out (LIFO) method. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs existing at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subject to many forces beyond management's control, interim results are subject to the final year-end LIFO inventory valuation.

NOTE 4--INCOME TAXES

The Company's effective tax rate differs from the statutory tax rate principally as a result of state income taxes. Total income tax payments during the three months ended March 31, 2004 and 2003 were \$0.8 million and \$0.1 million, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)--
CONTINUED

NOTE 5--PENSION PLANS

The Company sponsors two defined benefit pension plans which cover substantially all employees. A third defined benefit plan is non-qualified and covers certain executive officers of the Company. The estimated cost of these plans is summarized below:

	Three Months Ended March 31,	
	2004	2003
Service cost	\$376	\$372
Interest cost	753	745
Expected return on plan assets	(805)	(797)
Amortization of prior service cost	145	144
Recognized actuarial gains	<u>191</u>	<u>189</u>
Net periodic pension cost	<u>\$660</u>	<u>\$653</u>

NOTE 6--BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the impact of options outstanding using the treasury stock method, when applicable. This resulted in diluted weighted-average shares outstanding of 27,008,000 and 26,911,000 for the three months ended March 31, 2004 and 2003, respectively.

NOTE 7--COMPREHENSIVE INCOME

As there were no non-owner changes in equity during the first quarter of 2004 and 2003, total comprehensive income equals net income, or \$3.9 million and \$4.5 million, respectively.

NOTE 8--CONTINGENT LIABILITIES

As of March 31, 2004, the Company was a defendant in approximately 20 lawsuits involving its products and is aware of certain other such claims. These lawsuits and claims fall into two categories:

- (i) those that claim damages from the Company related to allegedly defective product design which stem from a specific incident. These lawsuits and claims are based principally on the theory of "strict liability" but also may be based on negligence, breach of warranty, and other legal theories, and

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)--
CONTINUED

- (ii) those brought by cities, municipalities, counties, associations, and individuals against firearms manufacturers, distributors and dealers seeking to recover damages allegedly arising out of the misuse of firearms by third parties in the commission of homicides, suicides and other shootings involving juveniles and adults. The complaints by municipalities seek damages, among other things, for the costs of medical care, police and emergency services, public health services, and the maintenance of courts, prisons, and other services. In certain instances, the plaintiffs seek to recover for decreases in property values and loss of business within the city due to criminal violence. In addition, nuisance abatement and/or injunctive relief is sought to change the design, manufacture, marketing and distribution practices of the various defendants. These suits allege, among other claims, strict liability or negligence in the design of products, public nuisance, negligent entrustment, negligent distribution, deceptive or fraudulent advertising, violation of consumer protection statutes and conspiracy or concert of action theories. Most of these cases do not allege a specific injury to a specific individual as a result of the misuse or use of any of the Company's products.

Management believes that, in every case, the allegations are unfounded, and that the shootings and any results therefrom were due to negligence or misuse of the firearms by third-parties or the claimant, and that there should be no recovery against the Company. Defenses further exist to the suits brought by cities, municipalities, and counties based, among other reasons, on established state law precluding recovery by municipalities for essential government services, the remoteness of the claims, the types of damages sought to be recovered, and limitations on the extraterritorial authority which may be exerted by a city, municipality, county or state under state and federal law, including State and Federal Constitutions.

The only case against the Company alleging liability for criminal shootings by third-parties to ever be permitted to go before a constitutional jury, Hamilton, et al. v. Accu-tek, et al., resulted in a defense verdict in favor of the Company on February 11, 1999. In that case, numerous firearms manufacturers and distributors had been sued, alleging damages as a result of alleged negligent sales practices and "industry-wide" liability. The Company and its marketing and distribution practices were exonerated from any claims of negligence in each of the seven cases decided by the jury. In subsequent proceedings involving other defendants, the New York Court of Appeals as a matter of law confirmed that 1) no legal duty existed under the circumstances to prevent or investigate criminal misuses of a manufacturer's lawfully made products; and 2) liability of firearms manufacturers could not be apportioned under a market share theory. More recently, the New York Court of Appeals on October 21, 2003 declined to hear the appeal from the decision of the New York Supreme Court, Appellate Division, affirming the dismissal of New York Attorney General Eliot Spitzer's public nuisance suit against the Company and other manufacturers and distributors of firearms. In its decision, the Appellate Division relied heavily on Hamilton in concluding that it was "legally inappropriate," "impractical," "unrealistic" and "unfair" to attempt to hold firearms manufacturers responsible under theories of public nuisance for the criminal acts of others.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)--
CONTINUED

Of the lawsuits brought by municipalities or a state Attorney General, fifteen have been dismissed with no appeal pending. Thirteen of those cases are concluded: Atlanta – dismissal by intermediate Appellate Court, no further appeal; Bridgeport – dismissal affirmed by Connecticut Supreme Court; County of Camden – dismissal affirmed by U.S. Third Circuit Court of Appeals; Miami – dismissal affirmed by intermediate appellate court, Florida Supreme Court declined review; New Orleans – dismissed by Louisiana Supreme Court, United States Supreme Court declined review; Philadelphia – U.S. Third Circuit Court of Appeals affirmed dismissal, no further appeal; Wilmington – dismissed by trial court, no appeal; Boston – voluntary dismissal with prejudice by the City at the close of fact discovery; Cincinnati – voluntarily withdrawn after a unanimous vote of the city council; Detroit – dismissed by Michigan Court of Appeals, no appeal; Wayne County – dismissed by Michigan Court of Appeals, no appeal; New York State – Court of Appeals denied plaintiff's petition for leave to appeal the Intermediate Appellate Court's dismissal, no further appeal; and Newark – Superior Court of New Jersey Law Division for Essex County dismissed the case with prejudice.

Camden City was dismissed on July 7, 2003 due to the bankruptcy of one of the parties. No further action has been taken by the city. On November 13, 2003, plaintiffs in the Jersey City case voluntarily dismissed the matter. It is unknown whether plaintiffs will re-file.

Washington, D.C. is on appeal from its complete dismissal. On March 7, 2003, the consolidated California Cities case involving nine cities and three counties was dismissed as to all manufacturer defendants, and plaintiffs appealed on June 9, 2003. The Chicago dismissal was reversed in part on appeal, and an appeal to the Illinois Supreme Court is pending. On October 20, 2003, the St. Louis Circuit Court dismissed the St. Louis case, and the city has filed a notice of appeal.

The Indiana Court of Appeals affirmed the dismissal of the Gary case by the trial court, but the Indiana Supreme Court reversed this dismissal and remanded the case for discovery proceedings on December 23, 2003. Cleveland and New York City are open cases and could proceed to trial. In the NAACP case, on May 14, 2003, an advisory jury returned a verdict rejecting the NAACP's claims. On July 21, 2003, Judge Jack B. Weinstein entered an order dismissing the NAACP lawsuit, but this order contained lengthy dicta which defendants believe are contrary to law and fact. Appeals by both sides have been filed, but plaintiffs have withdrawn their appeal.

Legislation has been passed in approximately 34 states precluding suits of the type brought by the municipalities mentioned above, and similar federal legislation has been introduced in the U.S. Congress. It passed the U.S. House by a 2-to-1 bipartisan majority and had over 54 co-sponsors in the U.S. Senate. It was considered by the U.S. Senate in February 2004, but failed to gain final passage after it was encumbered with numerous non-germane amendments. It is uncertain when it may be reconsidered by the U.S. Senate.

Punitive damages, as well as compensatory damages, are demanded in many of the lawsuits and claims. Aggregate claimed amounts presently exceed product liability accruals and applicable insurance coverage. For claims made after July 10, 1994, compensatory and punitive damage insurance coverage is provided, in states where permitted, for losses exceeding \$2.0 million per claim,

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)--
CONTINUED

or an aggregate maximum loss of \$6.0 million. For claims made after July 10, 1997, coverage is provided for annual losses exceeding \$2.0 million per claim, or an aggregate maximum loss of \$5.5 million annually. For claims made after July 10, 2000, coverage is provided for annual losses exceeding \$5 million per claim, or an aggregate maximum loss of \$10 million annually, except for certain new claims which might be brought by governments or municipalities after July 10, 2000, which are excluded from coverage.

On March 17, 2000, Smith & Wesson announced that it had reached a settlement to conclude some of the municipal lawsuits with various governmental entities. On March 30, 2000, the Office of the Connecticut Attorney General began an investigation of certain alleged "anticompetitive practices in the firearms industry." On April 17, 2000 the State of Maryland's Attorney General also made similar inquiries as to the Company. On August 9, 2000, the U.S. Federal Trade Commission also filed such a civil investigative demand regarding the Smith & Wesson settlement. During April 2002, after the city of Boston voluntarily withdrew its case with prejudice as to all remaining defendants, Boston moved jointly with Smith & Wesson to dissolve their consent decree settlement, which motion the court accepted. The Company has not engaged in any improper conduct and has cooperated with these investigations. The U.S. Federal Trade Commission announced that it was terminating this investigation without further action on August 22, 2003.

Provision is made for product liability claims based upon many factors related to the severity of the alleged injury and potential liability exposure, based upon prior claim experience. Because our experience in defending these lawsuits and claims is that unfavorable outcomes are typically not probable or estimable, only in rare cases is an accrual established for such costs. In most cases, an accrual is established only for estimated legal defense costs. Product liability accruals are periodically reviewed to reflect then-current estimates of possible liabilities and expenses incurred to date and reasonably anticipated in the future. Threatened product liability claims are reflected in our product liability accrual on the same basis as actual claims; *i.e.*, an accrual is made for reasonably anticipated possible liability and claims-handling expenses on an ongoing basis.

A range of reasonably possible loss relating to unfavorable outcomes cannot be made. However, in the product liability cases in which a dollar amount of damages is claimed, the amount of damages claimed, which totaled \$433 million at March 31, 2004, is set forth as an indication of possible maximum liability that the Company might be required to incur in these cases (regardless of the likelihood or reasonable probability of any or all of this amount being awarded to claimants) as a result of adverse judgments that are sustained on appeal.

Product liability claim payments are made when appropriate if, as, and when claimants and the Company reach agreement upon an amount to finally resolve all claims. Legal costs are paid as the lawsuits and claims develop, the timing of which may vary greatly from case to case. A time schedule cannot be determined in advance with any reliability concerning when payments will be made in any given case.

The Company management monitors the status of known claims and the product liability accrual, which includes amounts for asserted and unasserted claims. While it is not possible to forecast the outcome of litigation or the timing of costs, in the opinion of management, after

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)--
CONTINUED

consultation with independent and corporate counsel, it is not probable and is unlikely that litigation, including punitive damage claims, will have a material adverse effect on the financial position of the Company, but may have a material impact on the Company's financial results for a particular period.

The Company has reported all cases instituted against it through December 31, 2003 and the results of those cases, where terminated, to the Securities and Exchange Commission on its previous Form 10-K and 10-Q reports, to which reference is hereby made.

NOTE 9--RELATED PARTY TRANSACTIONS

During the first quarter of both 2004 and 2003, the Company paid Newport Mills, of which William B. Ruger, Jr., Chairman and Chief Executive Officer of the Company, is the sole proprietor, \$60,750 for storage rental and office space.

NOTE 10--OPERATING SEGMENT INFORMATION

The Company has two reportable operating segments: firearms and investment castings. The firearms segment manufactures and sells rifles, pistols, revolvers, and shotguns principally to a select number of licensed independent wholesale distributors primarily located in the United States. The investment castings segment consists of two operating divisions which manufacture and sell titanium and steel investment castings.

Selected operating segment financial information follows (in thousands):

Three months ended March 31,	2004	2003
Net Sales		
Firearms	\$ 36,138	\$ 36,483
Castings		
Unaffiliated	4,099	4,649
Intersegment	595	5,340
	4,694	9,989
Eliminations	(595)	(5,340)
	\$ 40,237	\$ 41,132
Income Before Income Taxes		
Firearms	\$ 6,913	\$ 7,616
Castings	(504)	(382)
Corporate	66	323
	\$ 6,475	\$ 7,557
Identifiable Assets	March 31,	December 31,
	2004	2003
Firearms	\$ 73,757	\$ 72,600
Castings	18,502	17,939
Corporate	78,019	79,474
	\$170,278	\$170,013

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Company Overview

Sturm, Ruger & Company, Inc. (the "Company") is principally engaged in the design, manufacture, and sale of firearms and precision investment castings. The Company's design and manufacturing operations are located in the United States. Substantially all sales are domestic.

The Company is the only U.S. firearms manufacturer which offers products in all four industry product categories – rifles, shotguns, pistols, and revolvers. The Company's firearms are sold through a select number of independent wholesale distributors principally to commercial sporting market.

Investment castings manufactured are of titanium and steel alloys. Investment castings are sold either directly to or through manufacturers' representatives to companies in a wide variety of industries.

The Company measures its performance only against its own historical results because the Company is unable to compare its performance to other companies or specific current industry trends in a timely manner. Many of the Company's competitors are private companies not subject to public information reporting requirements, and most industry-wide data is generally not available on a current basis.

The Company does not consider its overall firearms business to be predictably seasonal; however, sales of certain models of firearms are usually lower in the third quarter of the year.

Results of Operations

Consolidated net sales of \$40.2 million were achieved by the Company in the first quarter of 2004. This represents a decrease of \$0.9 million or 2.2% from the first quarter of 2003 consolidated net sales of \$41.1 million.

Firearms segment net sales were \$36.1 million in the first quarter of 2004 compared to \$36.5 million in the corresponding 2003 period, a decrease of \$0.4 million or 1.1%. Firearms unit shipments increased 0.7%. Shipments increased in the pistol, revolver and shotgun major product categories, with only rifles failing to match unit sales in the comparable 2003 period. Shipments of rimfire bolt-action and lever action rifles were particularly strong in the first quarter of 2003, driven by the popularity of the then-new .17 HMR caliber ammunition. The Company continues a sales incentive program instituted in 2003 for its distributors which allows them to earn rebates of up to 1.5% if certain annual overall sales targets are achieved. In March 2004 the Company announced a sales incentive program for certain autoloading rimfire rifles sold from March to April 2004.

Castings segment net sales decreased \$0.5 million or 10.9% from \$4.6 million in the first quarter of 2003 to \$4.1 million in the first quarter of 2004 primarily as a result of lower unit volume. Shipments of titanium golf club heads to Karsten Manufacturing Corporation decreased by \$0.9 million from the first quarter of 2003. There are no future shipments expected to Karsten Manufacturing. The Company plans to continue to pursue other casting business opportunities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--CONTINUED

Consolidated cost of products sold for the first quarter of 2004 was \$28.0 million compared to \$28.7 million for the first quarter of 2003, a decrease of \$0.7 million or 2.4%. This was primarily attributable to decreased product liability costs and the decline in sales of both segments.

Gross profit as a percentage of net sales increased to 30.3% in the first quarter of 2004 from 30.2% in the comparable 2003 period. This improvement is primarily attributable to reduced product liability costs.

Selling, general and administrative expenses increased to \$5.8 million in the first quarter of 2004 from \$5.3 million in the first quarter of 2003 primarily due to promotional expenses related to the aforementioned sales incentive program for certain autoloading rimfire rifles and other various expenses.

Other income-net decreased to \$0.1 million in the first quarter of 2004 from \$0.4 million in the first quarter of 2003 due to increased maintenance expenses associated with nonmanufacturing properties and reduced earnings on short-term investments as a result of declining interest rates.

The effective income tax rate of 40.1% in the first quarter of 2004 remained consistent with the income tax rate in the corresponding 2003 period.

As a result of the foregoing factors, consolidated net income decreased \$0.6 million to \$3.9 million for the first quarter of 2004 from \$4.5 million in the first quarter of 2003.

Financial Condition

Operations

At March 31, 2004, the Company had cash, cash equivalents and short-term investments of \$51.0 million, working capital of \$101.5 million and a current ratio of 5.2 to 1, compared to \$53.4 million, \$102.7 million, and 5.7 to 1, respectively, at December 31, 2003.

Cash provided by operating activities was \$4.0 million and \$7.9 million in the first quarter of 2004 and 2003, respectively. This change in cash flows is primarily the result of an increase in accounts receivable in the first quarter of 2004, the utilization of a prepaid tax asset during the first quarter of 2003, and fluctuations in various other operating accounts.

The Company follows an industry-wide practice of offering a "dating plan" to its firearms customers on selected products, which allows the purchasing distributor to buy the products commencing in December, the start of the Company's marketing year, and pay for them on extended terms. Discounts are offered for early payment. The dating plan provides a revolving payment plan under which payments for all shipments made during the period December through February must be made by April 30. Generally, shipments made in subsequent months must be paid within a maximum of 120 days. Dating plan receivable balances were \$6.9 million at March 31, 2004 compared to \$6.7 million at March 31, 2003. The Company has reserved the right to discontinue the dating plan at any time and has been able to finance this dating plan from internally generated funds provided by operating activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--CONTINUED

The Company purchases its various raw materials from a number of suppliers. There is, however, a limited supply of these materials in the marketplace at any given time which can cause the purchase prices to vary based upon numerous market factors. The Company believes that it has adequate quantities of raw materials in inventory to provide ample time to locate and obtain additional items at a reasonable cost without interruption of its manufacturing operations. However, if market conditions result in a significant prolonged inflation of certain prices, the Company's results could be materially adversely affected.

In conjunction with the sale of its Uni-Cast division in June 2000, the Company extended credit to the purchaser in the form of a note and a line of credit, both of which are collateralized by certain of the assets of the former Uni-Cast division. In July 2002, the Company established an additional collateralized line of credit for the purchaser and, as of March 31, 2004, the total amount due from the purchaser was \$1.8 million. The Company purchases aluminum castings used in the manufacture of certain models of pistols exclusively from Uni-Cast.

Investing and Financing

Capital expenditures during the three months ended March 31, 2004 totaled \$1.2 million. For the past two years capital expenditures have averaged approximately \$1.0 million per quarter. In 2004, the Company expects to spend approximately \$8 million on capital expenditures in its ongoing effort to upgrade and modernize all of its divisions. The Company finances, and intends to continue to finance, all of these activities with funds provided by operations.

For the three months ended March 31, 2004 dividends paid totaled \$5.4 million. This amount reflects the regular quarterly dividend of \$.20 per share paid on March 15, 2004. Future dividends will depend on many factors, including internal estimates of future performance, then-current cash and short-term investments, and the Company's need for funds.

Historically, the Company has not required external financing. Based on its cash flow and unencumbered assets, the Company believes it has the ability to raise substantial amounts of short-term or long-term debt. The Company does not anticipate any need for external financing through 2004.

Firearms Legislation

The sale, purchase, ownership, and use of firearms are subject to thousands of federal, state and local governmental regulations. The basic federal laws are the National Firearms Act, the Federal Firearms Act, and the Gun Control Act of 1968. These laws generally prohibit the private ownership of fully automatic weapons and place certain restrictions on the interstate sale of firearms unless certain licenses are obtained. The Company does not manufacture fully automatic weapons, other than for the law enforcement market, and holds all necessary licenses under these federal laws. From time to time, congressional committees review proposed bills relating to the regulation of firearms. These proposed bills generally seek either to restrict or ban the sale and, in some cases, the ownership of various types of firearms. Several states currently have laws in effect similar to the aforementioned legislation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS—CONTINUED

Until November 30, 1998, the “Brady Law” mandated a nationwide five-day waiting period and background check prior to the purchase of a handgun. As of November 30, 1998, the National Instant Check System, which applies to both handguns and long guns, replaced the five-day waiting period. The Company believes that the “Brady Law” has not had a significant effect on the Company’s sales of firearms, nor does it anticipate any impact on sales in the future. The “Crime Bill” took effect on September 13, 1994, but none of the Company’s products were banned as so-called “assault weapons.” To the contrary, all the Company’s then-manufactured commercially-sold long guns were exempted by name as “legitimate sporting firearms.” Unless reauthorized by Congress, this law will “sunset” on September 14, 2004. The Company remains strongly opposed to laws which would restrict the rights of law-abiding citizens to lawfully acquire firearms. The Company believes that the lawful private ownership of firearms is guaranteed by the Second Amendment to the United States Constitution and that the widespread private ownership of firearms in the United States will continue. However, there can be no assurance that the regulation of firearms will not become more restrictive in the future and that any such restriction would not have a material adverse effect on the business of the Company.

Firearms Litigation

The Company is a defendant in numerous lawsuits involving its products and is aware of certain other such claims. The Company has expended significant amounts of financial resources and management time in connection with product liability litigation. Management believes that, in every case, the allegations are unfounded, and that the shootings and any results therefrom were due to negligence or misuse of the firearms by third-parties or the claimant, and that there should be no recovery against the Company. Defenses further exist to the suits brought by cities, municipalities, counties, and a state attorney general based, among other reasons, on established state law precluding recovery by municipalities for essential government services, the remoteness of the claims, the types of damages sought to be recovered, and limitations on the extraterritorial authority which may be exerted by a city, municipality, county or state under state and federal law, including State and Federal Constitutions.

The only case against the Company alleging liability for criminal shootings by third-parties to ever be permitted to go before a constitutional jury, Hamilton, et al. v. Accu-tek, et al., resulted in a defense verdict in favor of the Company on February 11, 1999. In that case, numerous firearms manufacturers and distributors had been sued, alleging damages as a result of alleged negligent sales practices and “industry-wide” liability. The Company and its marketing and distribution practices were exonerated from any claims of negligence in each of the seven cases decided by the jury. In subsequent proceedings involving other defendants, the New York Court of Appeals as a matter of law confirmed that 1) no legal duty existed under the circumstances to prevent or investigate criminal misuses of a manufacturer’s lawfully made products; and 2) liability of firearms manufacturers could not be apportioned under a market share theory. More recently, the New York Court of Appeals on October 21, 2003 declined to hear the appeal from the decision of the New York Supreme Court, Appellate Division, affirming the dismissal of New York Attorney General Eliot Spitzer’s public nuisance suit against the Company and other manufacturers and distributors of firearms. In its decision, the Appellate Division relied heavily on Hamilton in concluding that it was “legally inappropriate,” “impractical,” “unrealistic” and “unfair” to attempt to hold firearms manufacturers responsible under theories of public nuisance for the criminal acts of others.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS—CONTINUED

Of the lawsuits brought by municipalities or a state Attorney General, fifteen have been dismissed with no appeal pending. Thirteen of those cases are concluded: Atlanta – dismissal by intermediate Appellate Court, no further appeal; Bridgeport – dismissal affirmed by Connecticut Supreme Court; County of Camden – dismissal affirmed by U.S. Third Circuit Court of Appeals; Miami – dismissal affirmed by intermediate appellate court, Florida Supreme Court declined review; New Orleans – dismissed by Louisiana Supreme Court, United States Supreme Court declined review; Philadelphia – U.S. Third Circuit Court of Appeals affirmed dismissal, no further appeal; Wilmington – dismissed by trial court, no appeal; Boston – voluntary dismissal with prejudice by the City at the close of fact discovery; Cincinnati – voluntarily withdrawn after a unanimous vote of the city council; Detroit – dismissed by Michigan Court of Appeals, no appeal; Wayne County – dismissed by Michigan Court of Appeals, no appeal; New York State – Court of Appeals denied plaintiff's petition for leave to appeal the Intermediate Appellate Court's dismissal, no further appeal; and Newark – Superior Court of New Jersey Law Division for Essex County dismissed the case with prejudice.

Camden City was dismissed on July 7, 2003 due to the bankruptcy of one of the parties. No further action has been taken by the city. On November 13, 2003, plaintiffs in the Jersey City case voluntarily dismissed the matter. It is unknown whether plaintiffs will re-file.

Washington, D.C. is on appeal from its complete dismissal. On March 7, 2003, the consolidated California Cities case involving nine cities and three counties was dismissed as to all manufacturer defendants, and plaintiffs appealed on June 9, 2003. The Chicago dismissal was reversed in part on appeal, and an appeal to the Illinois Supreme Court is pending. On October 20, 2003, the St. Louis Circuit Court dismissed the St. Louis case, and the city has filed a notice of appeal.

The Indiana Court of Appeals affirmed the dismissal of the Gary case by the trial court, but the Indiana Supreme Court reversed this dismissal and remanded the case for discovery proceedings on December 23, 2003. Cleveland and New York City are open cases and could proceed to trial. In the NAACP case, on May 14, 2003, an advisory jury returned a verdict rejecting the NAACP's claims. On July 21, 2003, Judge Jack B. Weinstein entered an order dismissing the NAACP lawsuit, but this order contained lengthy dicta which defendants believe are contrary to law and fact. Appeals by both sides have been filed, but plaintiffs have withdrawn their appeal.

Legislation has been passed in approximately 34 states precluding suits of the type brought by the municipalities mentioned above, and similar federal legislation has been introduced in the U.S. Congress. It passed the U.S. House by a 2-to-1 bipartisan majority and had over 54 co-sponsors in the U.S. Senate. It was considered by the U.S. Senate in February 2004, but failed to gain final passage after it was encumbered with numerous non-germane amendments. It is uncertain when it may be reconsidered by the U.S. Senate.

Other Operational Matters

In the normal course of its manufacturing operations, the Company is subject to occasional governmental proceedings and orders pertaining to waste disposal, air emissions and water discharges into the environment. The Company believes that it is generally in compliance with applicable environmental regulations and the outcome of such proceedings and orders will not have a material adverse effect on the financial position or results of operations of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS—CONTINUED

The valuation of the future defined benefit pension obligations at December 31, 2003 indicated that these plans were underfunded. While this estimation has no bearing on the actual funded status of the pension plans, it resulted in the recognition of other comprehensive loss of \$0.5 million in 2003.

The Company expects to realize its deferred tax assets through tax deductions against future taxable income or carry back against taxes previously paid.

Inflation's effect on the Company's operations is most immediately felt in cost of products sold because the Company values inventory on the LIFO basis. Generally under this method, the cost of products sold reported in the financial statements approximates current costs, and thus, reduces distortion in reported income which would result from the slower recognition of increased costs when other methods are used. The use of historical cost depreciation has a beneficial effect on cost of products sold. The Company has been affected by inflation in line with the general economy.

Adjustments to Critical Accounting Policies

The Company has not made any adjustments to its critical accounting estimates and assumptions described in the Company's Annual Report on Form 10-K filed on March 12, 2004, or the judgment affecting the application of those estimates and assumptions.

Recent Accounting Pronouncements

The Company is not aware of any recent accounting pronouncements that are expected to have a material effect on its financial position or financial results.

Forward-Looking Statements and Projections

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, state 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--CONTINUED

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to changes in prevailing market interest rates affecting the return on its investments but does not consider this interest rate market risk exposure to be material to its financial condition or results of operations. The Company invests primarily in United States Treasury instruments with short-term (less than one year) maturities. The carrying amount of these investments approximates fair value due to the short-term maturities. Under its current policies, the Company does not use derivative financial instruments, derivative commodity instruments or other financial instruments to manage its exposure to changes in interest rates or commodity prices.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation

The Company's management, with the participation of the Company's Chief Executive Officer and Treasurer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report.

Conclusions

Based on that evaluation, the Company's Chief Executive Officer and Treasurer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's most recent quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The nature of the legal proceedings against the Company is discussed at Note 8 to this Form 10-Q report, which is incorporated herein by reference.

The Company has reported all cases instituted against it through December 31, 2003, and the results of those cases, where terminated, to the Securities and Exchange Commission on its previous Form 10-K and 10-Q reports, to which reference is hereby made.

One case was formally instituted against the Company during the three months ended March 31, 2004, which involved significant demands for compensatory and/or punitive damages and in which the Company has been served with process.

Michelle Beasley v. Company (AL) in the Circuit Court for Walker County. The complaint was served on March 10, 2004 and alleges that the plaintiff was injured when a Ruger New Model single action revolver allegedly discharged after it was picked up. Plaintiff seeks compensatory and exemplary damages.

During the three months ended March 31, 2004, no previously reported cases were settled.

On March 9, 2004, in the previously reported Diamond (FL) case, the plaintiff voluntarily dismissed the action when he learned that his claim was barred by a Florida statute of repose. Plaintiff has until December 20, 2006 to reinstate the action, although the Company considers this highly unlikely.

On March 10, 2004, the previously reported Newark (NJ) case was finally dismissed with prejudice. The plaintiffs' deadline of March 1, 2004 to file an application to reinstate the previous dismissal of their complaint by the trial court was not met.

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

- 31.1 Certification Pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification Pursuant to Rule 13a-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) The Company furnished the following report on Form 8-K during the three months ended March 31, 2004:

On February 9, 2004, the Company furnished a Current Report on Form 8-K in connection with the public release of its financial results for the fourth quarter and year ended December 31, 2003.

STURM, RUGER & COMPANY, INC.

FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 2004

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 thereunto duly authorized.

STURM, RUGER & COMPANY, INC.

Date: May 4, 2004

S/THOMAS A. DINEEN
Thomas A. Dineen
Principal Financial Officer,
Treasurer and Chief Financial Officer

CERTIFICATION

I, William B. Ruger, Jr., Chief Executive Officer of Sturm, Ruger & Company, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q (the “Report”) of Sturm, Ruger & Company, Inc. (the “Registrant”);
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects, the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - b) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - c) Disclosed in this Report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting.
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of Registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 4, 2004

S/WILLIAM B. RUGER, JR.

William B. Ruger, Jr.

Chief Executive Officer

CERTIFICATION

I, Thomas A. Dineen, Treasurer and Chief Financial Officer of Sturm, Ruger & Company, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q (the "Report") of Sturm, Ruger & Company, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects, the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
 - b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - c) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 4, 2004

S/THOMAS A. DINEEN
Thomas A. Dineen
Treasurer and Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Sturm, Ruger & Company, Inc. (the "Company") for the period ended March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William B. Ruger, Jr., Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respect, the financial condition and results of operations of the Company.

Date: May 4, 2004

S/WILLIAM B. RUGER, JR.

William B. Ruger, Jr.
Chief Executive Officer

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Sturm, Ruger & Company, Inc. (the "Company") for the period ended March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas A. Dineen, Treasurer and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respect, the financial condition and results of operations of the Company.

Date: May 4, 2004

S/THOMAS A. DINEEN
Thomas A. Dineen
Treasurer and Chief Financial Officer

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.