



# **STURM, RUGER & CO., INC.**

2<sup>nd</sup> Quarter 2009 Earnings Conference Call

July 30, 2009

9:00 a.m. EDT



ARMS MAKERS FOR RESPONSIBLE CITIZENS®

**RUGER**

# Caution – Forward Looking Statements

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Statements made in the course of this meeting that state the Company's or Management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, including but not limited to the Company's reports on Form 10-K for the year ended December 31, 2008 and Forms 10-Q for the first and second fiscal quarters of 2009. Copies of these documents may be obtained by contacting the Company or the SEC or on the Company website at [www.ruger.com/corporate/](http://www.ruger.com/corporate/) or the SEC website at [www.sec.gov](http://www.sec.gov). Furthermore, the Company disclaims all responsibility to update forward-looking statements.





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Firearms unit data for orders, production, shipments and ending inventory for the last six quarters are as follows:

	2009	
	Q2	Q1
Units Ordered	204,700	501,000
Units Produced	247,300	209,900
Units Shipped	246,200	213,700
Average Sales Prices	\$286	\$283
Units on Backorder	412,300	458,900
Units - Company Inventory	9,600	8,800
Units - Distributor Inventory	53,900	35,200

	2008			
	Q4	Q3	Q2	Q1
Units Ordered	270,400	125,700	120,300	260,100
Units Produced	167,100	158,900	150,600	124,000
Units Shipped	208,100	146,000	136,700	135,700
Average Sales Prices	\$275	\$276	\$270	\$296
Units on Backorder	175,900	115,300	137,700	157,100
Units - Company Inventory	12,400	52,600	40,200	24,900
Units - Distributor Inventory	57,500	65,800	62,900	61,800



# Orders Received & Ending Backlog

The gross value of orders received and ending backlog for the trailing five quarters are as follows (in millions except average sales price, including Federal Excise Tax):

	2009		2008			
	Q2	Q1	Q4	Q3	Q2	Q1
<b>Orders Received</b>	\$81.8	\$154.3	\$86.1	\$33.5	\$37.0	\$73.8
<b>Average Sales Price of Orders Received (2)</b>	\$400	\$308	\$287	\$267	\$275	\$257
<b>Ending Backlog (2)</b>	\$138.0	\$136.3	\$47.8	\$27.9	\$33.7	\$40.7
<b>Average Sales Price of Ending Backlog (2)</b>	\$335	\$297	\$269	\$242	\$245	\$234

Note 1: Distributor ending inventory as provided by the Company's distributors.

Note 2: Average sales price for orders received and ending backlog is net of Federal Excise Tax of 10% for handguns and 11% for long guns.

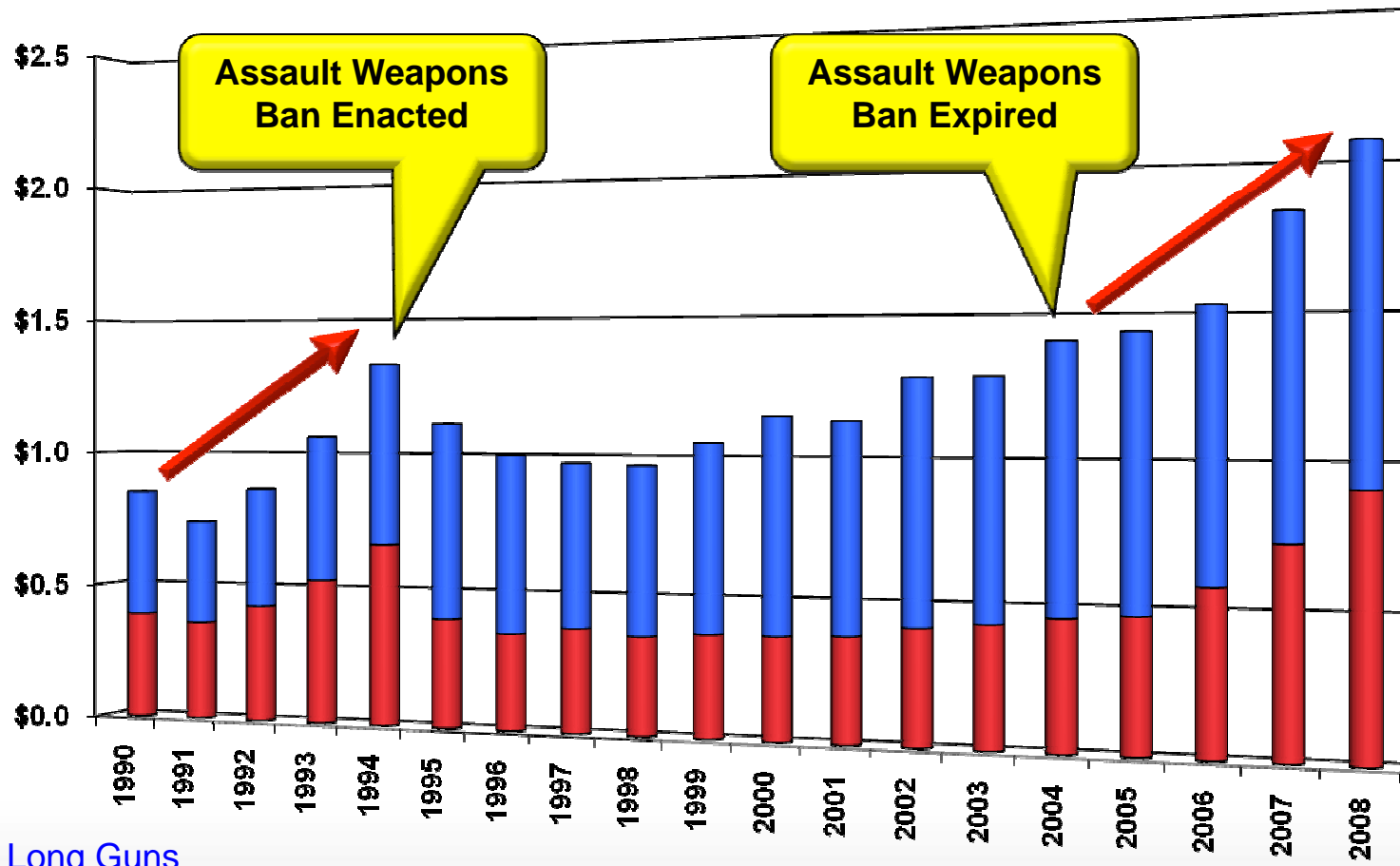


Our backlog dropped to 412,300 units as orders received in the second quarter decreased by 59% from the first quarter of 2009. This decline in orders received reflects the following:

- A reduction in the industry-wide surge in demand that began in the fourth quarter of 2008,
- The large backlog at the end of the first quarter that discouraged further orders,
- Prolonged ammunition shortage at retail that hindered retail firearms sales,
- Stronger inventories throughout the distribution channel, and
- Normal product seasonality.

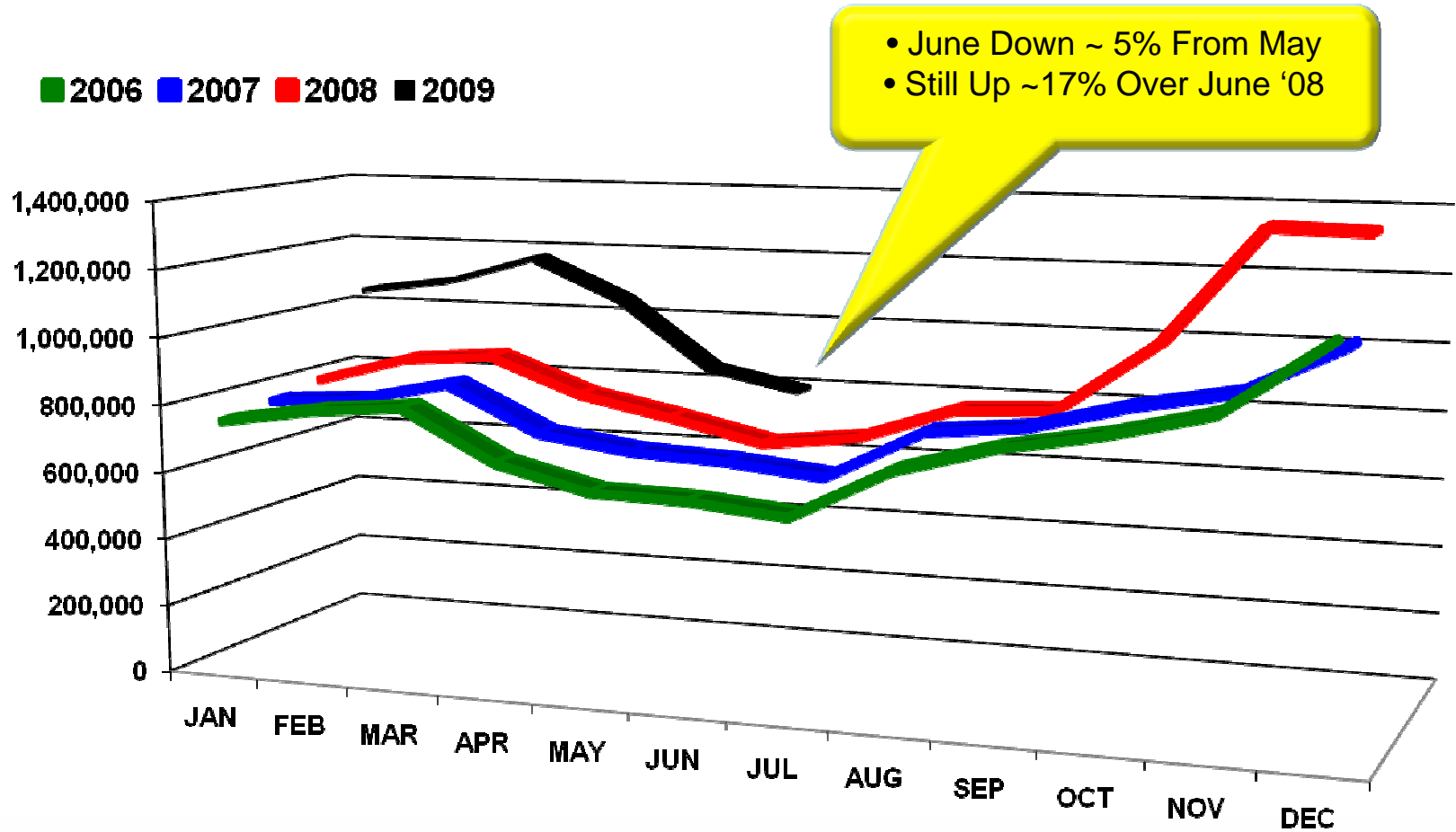


# U.S. Commercial Market (US \$ Billion)



- Long Guns
- Handguns

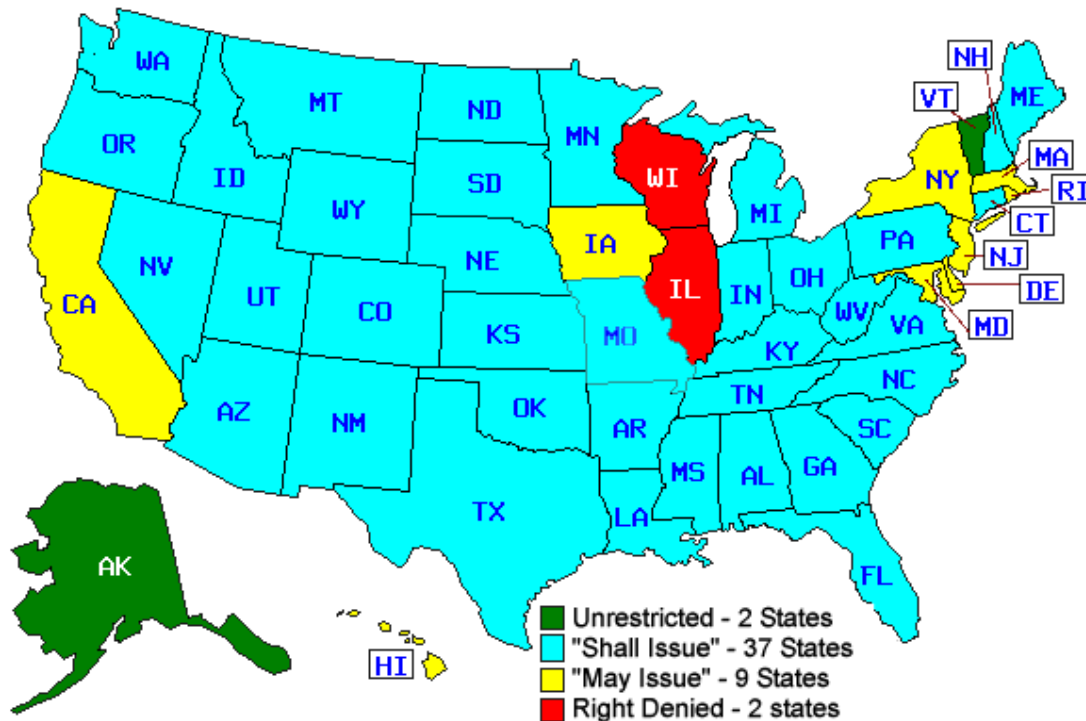
# June 2009 NICS Background Check Data





# 2008-2009 CCW Permit Data by State

## CCW Permit Issuance Increases by State



State	08-09
NH	13%
CT	21.8%
UT	41.1%
MI	11.7%
HI	19.2%
CO	87.5%
SC	24.2%
OH	194.9%
MN	134.6%
FL	18.5%
OK	15.9%





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Inventories consist of the following (in thousands):

	July 4, 2009	December 31, 2008
<b>Inventory at FIFO</b>		
<b>Finished Products</b>	\$2,131	\$2,790
<b>Materials &amp; Work in Progress</b>	49,691	57,056
<b>Gross Inventories</b>	51,822	59,846
<b>Less: LIFO Reserve</b>	(43,160)	(44,338)
<b>Less: Excess &amp; Obsolescence Reserve</b>	(2,597)	(3,569)
<b>Net Inventories</b>	<b>\$6,065</b>	<b>\$11,939</b>



## Three Months Ended

	July 4, 2009		June 28, 2008	
<b>Net Sales</b>	\$72,390	100.0%	\$38,664	100.0%
<b>Cost of products sold, before LIFO, overhead and labor rate adjustments to inventory, product liability, and product recall</b>	46,255	63.9%	30,803	79.7%
<b>LIFO (income) Expense</b>	(929)	(1.3)%	2,130	5.5%
<b>Overhead rate adjustments to inventory</b>	1,071	1.5%	(1,062)	(2.8)%
<b>Labor rate adjustments to inventory</b>	289	0.4%	(1,879)	(4.9)%
<b>Product Liability</b>	654	0.9%	177	0.5%
<b>Product Recall</b>	18	-	-	-
<b>Total Cost of Products Sold</b>	47,358	65.4%	30,169	78.0%
<b>Gross Margin</b>	\$25,032	34.6%	\$8,495	22.0%



	<b>Six Months Ended</b>			
	<b>July 4, 2009</b>		<b>June 28, 2008</b>	
<b>Net Sales</b>	\$135,920	100.0%	\$81,170	100.0%
<b>Cost of products sold, before LIFO, overhead and labor rate adjustments to inventory, product liability, and product recall</b>	88,979	65.5%	61,623	75.9%
<b>LIFO (income) Expense</b>	(1,178)	(0.9)%	2,227	2.7%
<b>Overhead rate adjustments to inventory</b>	1,760	1.3%	(1,526)	(1.9)%
<b>Labor rate adjustments to inventory</b>	457	0.3%	(1,879)	(2.3)%
<b>Product Liability</b>	747	0.6%	367	0.5%
<b>Product Recall</b>	597	0.4%	1,208	1.5%
<b>Total Cost of Products Sold</b>	91,362	67.2%	62,020	76.4%
<b>Gross Margin</b>	\$44,558	32.8%	\$19,150	23.6%



# Stock Option Exercises



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