

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported)
August 1, 2016**

STURM, RUGER & COMPANY, INC.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation)

001-10435
(Commission File Number)

06-0633559
(IRS Employer Identification
Number)

ONE LACEY PLACE, SOUTHPORT, CONNECTICUT 06890
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code **(203) 259-7843**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

Agreement with Michael O. Fifer

On August 1, 2016, Sturm, Ruger & Company, Inc. (the “Company”) entered into a transition services and consulting agreement (the “Fifer Agreement”) with Michael O. Fifer (“Fifer”), who will resign as Chief Executive Officer of the Company on May 9, 2017.

The Fifer Agreement provides for (i) Fifer to continue to serve as Chief Executive Officer of the Company until May 9, 2017, and to resign from such position on such date, (ii) Fifer to provide certain consulting, advisory and other services to the Company for 6 years beginning on such date, (iii) the Company to compensate Fifer for such services at the rate of \$350,000 per annum, (iv) the continued vesting of Fifer’s restricted stock unit awards during the period he provides such services and (v) a prohibition against Fifer engaging in certain activities that compete or interfere with the Company from August 1, 2016 through the second anniversary of the end of the period he is providing services under the Fifer Agreement.

The foregoing description of the Fifer Agreement is qualified in its entirety by reference to the complete terms and conditions of the Fifer Agreement, which are attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Agreement with Christopher J. Killoy

On August 1, 2016, the Company entered into an agreement (the “Killoy Agreement”) with Christopher J. Killoy (“Killoy”), President and Chief Operating Officer of the Company, who will become the Chief Executive Officer of the Company on May 9, 2017.

The Killoy Agreement provides for (i) Killoy to continue to serve as President of the Company through May 8, 2017, and anticipates that Killoy will serve as Chief Executive Officer of the Company thereafter, (ii) the Company to pay Killoy a base salary during his remaining time as President of the Company at a rate of not less than \$425,000 per annum, and thereafter, during his time as Chief Executive Officer of the Company, at a rate of not less than \$500,000 per annum, (iii) Killoy to be eligible to receive, during the period he serves as Chief Executive Officer of the Company, an annual target cash bonus, annual performance equity-based incentive compensation and annual retention equity-based incentive compensation, each equal to 100% of his base salary, (iv) Killoy to receive 24 months of severance, in a lump sum, if he is terminated by the Company without cause and (v) a prohibition against Killoy engaging in certain activities that compete or interfere with the Company during his employment with the Company and for 2 years thereafter.

The foregoing description of the Killoy Agreement is qualified in its entirety by reference to the complete terms and conditions of the Killoy Agreement, which are attached as Exhibit 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

Agreement with Shawn C. Leska

On August 1, 2016, the Company entered into an executive severance agreement (the “Leska Agreement”) with Shawn C. Leska (“Leska”), who was appointed Vice President of Sales of the Company on November 11, 2015.

The Leska Agreement is not an employment contract and does not specify an employment term, compensation levels or other terms or conditions of employment. It provides for certain severance benefits to Leska in the event his employment is terminated under specified circumstances.

The Leska Agreement provides for severance benefits, if during the term of the Leska Agreement there is a: (i) Termination Without Cause (as defined in the Leska Agreement), (ii) Change in Control (as defined in the Leska Agreement) and Leska is subsequently terminated or (iii) Change in Control and there is a reduction in Leska’s salary or a diminution of his duties and thereafter he terminates his employment.

The Leska Agreement provides for severance benefits consisting of the following primary components:

- a lump sum cash payment (payable within 30 days of termination unless such payment is subject to the six-month deferral required by Internal Revenue Code Section 409A) equal to (i) 12 months of Base Annual Salary (as defined in the Leska Agreement) if employed less than 5 years by the Company or (ii) 18 months of Base Annual Salary if employed more than 5 years by the Company; and
- continued insurance benefits for the period not to exceed 18 months from the date that Leska’s employment with the Company terminates.

The Leska Agreement has a one-year term, subject to automatic extension for additional one-year periods on each anniversary of its date unless either side gives notice of intent not to renew at least one year in advance.

The foregoing description of the Leska Agreement is qualified in its entirety by reference to the complete terms and conditions of the Leska Agreement, which are attached as Exhibit 10.3 to this Current Report on Form 8-K and incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition

On August 2, 2016 the Company issued a press release to stockholders and other interested parties regarding financial results for the second quarter ended July 2, 2016. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information in this Current Report on Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in

any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.02 Election of Directors; Compensatory Arrangements of Certain Officers

On August 1, 2016 the Company announced the appointment of Christopher J. Killoy, the President and Chief Operating Officer of the Company, as a Director of the Company, effective immediately. Following Mr. Killoy's appointment, the Company's Board of Directors is comprised of nine Directors.

There are no transactions between the Company and Mr. Killoy that would be required to be reported under Item 404(a) of Regulation S-K.

A copy of the press release issued by the Company on August 1, 2016 in connection with Mr. Killoy's appointment is furnished as Exhibit 99.2 to the Current Report on Form 8-K and incorporated herein by reference.

Reference is made to the Fifer Agreement, the Killoy Agreement and the Leska Agreement discussed above under Item 1.01.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Transition Services and Consulting Agreement, dated as of August 1, 2016 by and between Sturm, Ruger, & Co., Inc. and Michael O. Fifer.
10.2	Agreement, dated as of August 1, 2016 by and between Sturm, Ruger, & Co., Inc. and Christopher J. Killoy.
10.3	Severance Agreement, dated as of August 1, 2016 by and between Sturm, Ruger, & Co., Inc. and Shawn C. Leska.
99.1	Press release of Sturm, Ruger & Company, Inc., dated August 2, 2016, reporting the financial results for the second quarter ended July 2, 2016.
99.2	Press release of Sturm, Ruger & Company, Inc. dated August 2, 2016, announcing the succession plan of the Company and the appointment of Christopher J. Killoy as a Director of the Company.

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, hereunto duly authorized.

STURM, RUGER & COMPANY, INC.

By: /S/ THOMAS A. DINEEN
Name: Thomas A. Dineen
Title: Principal Financial Officer,
Principal Accounting Officer,
Vice President, Treasurer and
Chief Financial Officer

Dated: August 2, 2016

TRANSITION SERVICES AND CONSULTING AGREEMENT

This TRANSITION SERVICES AND CONSULTING AGREEMENT (this “Agreement”) is made and entered into on August 1, 2016 by and between Sturm, Ruger & Company, Inc., a Delaware corporation with its principal place of business at One Lacey Place, Southport, Connecticut 06890 (the “Company”), and Michael O. Fifer (“Fifer”), (together with the Company, each a “Party,” and, collectively, the “Parties”).

RECITALS

WHEREAS, the Parties wish to ensure that, upon the conclusion of Fifer’s employment as the Chief Executive Officer of the Company, which the Parties anticipate will occur in connection with the 2017 annual meeting of the Company’s stockholders, there will be a smooth transition of Fifer’s responsibilities to his successor, and that the Company will continue to build on the successes achieved during Fifer’s tenure as the Chief Executive Officer of the Company;

WHEREAS, the Parties recognize that Fifer has gained extensive knowledge and formed many valuable relationships in his career, and that such knowledge and relationships have significant value to the Company; and

WHEREAS, the Company and Fifer desire that Fifer provide certain consulting services for the benefit of the Company following the conclusion of his employment as the Chief Executive Officer of the Company, subject to the provisions set forth herein;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the Parties hereby agree as follows:

1. Transition.

(a) The Parties presently anticipate that Fifer shall continue to serve as the Chief Executive Officer until May 9, 2017 (the “Transition Date”). During the period beginning on the date of this Agreement and ending on the Transition Date, Fifer shall work with the Company’s executive team and the Board of Directors of the Company (the “Board of Directors”) to facilitate the transition process. Fifer hereby agrees that he shall resign from his position as the Chief Executive Officer on the Transition Date.

(b) Upon Fifer’s resignation as the Chief Executive Officer of the Company, the Parties anticipate that Fifer shall continue to serve as a member of the Board of Directors, subject to the approval of the Company’s shareholders and applicable law and the regulations of the New York Stock Exchange. The Parties further anticipate that, from and after the Transition Date, Fifer shall serve as the Vice Chairman of the Board of Directors.

(c) Nothing in this Section 1 confers upon Fifer the right to continue in the employment of the Company through the Transition Date or the right to hold any particular office or position with the

Company or interferes with or restricts in any way the right of the Company to terminate Fifer's employment as the Chief Executive Officer of the Company at any time, for any reason.

2. Consulting Period. Fifer shall perform the Services (as defined below) during the period beginning on the Transition Date and ending on the six (6) year anniversary of the Transition Date (such period, the "Consulting Period").

3. Services.

(a) Fifer shall provide consulting, advisory and other services (collectively, the "Services") to the Company at the request of the Company, including making recommendations on strategy and helping to ensure a smooth transition of the Company's leadership. The Services shall include, without limitation, the following:

- i. Fifer shall make himself available to the Company's Chief Executive Officer and the other members of the Company's executive team upon the request thereof to advise on strategic and other executive matters.
- ii. Fifer shall work with the Board of Directors and the Company's Chief Executive Officer to formulate plans which will help to facilitate the transitional requirements of the Company's new Chief Executive Officer.
- iii. Fifer shall establish and chair the Company's Product Strategy and Technology Advisory Board.
- iv. Fifer shall work with the Company's executive team to maintain the Company's relationships with its shareholders and customers, including distributors and retailers of the Company's products, firearms industry groups and media organizations and participate in meetings and outreach events with such Persons (as defined below).

(b) Fifer's level of service during the Consulting Period shall be as mutually agreed by the Parties, but shall not exceed thirty (30) business days in any twelve (12) month period during the Consulting Period. For the avoidance of doubt, Fifer's service on the Board of Directors and any committees thereof, and his participation in any activities related there, shall not reduce his time commitment under this Agreement.

(c) Fifer agrees to perform the Services contemplated during the Consulting Period in a good and competent manner and to exercise his professional skill and judgment in accordance with good business practices.

(d) Subject to the provisions of Section 8 below, during the Consulting Period Fifer shall be entitled to pursue other business activities in addition to his Services hereunder and his services as a member of the Board of Directors, including, but not limited to, serving on corporate and charitable boards for other Entities (as defined below).

4. Consulting Fees. As consideration for the performance of the Services during the Consulting Period, the Company shall pay to Fifer Three Hundred Fifty Thousand Dollars (\$350,000) per annum, payable monthly.

5. Expenses. The Company shall reimburse Fifer for all reasonable out-of-pocket travel expenses and other direct out-of-pocket expenses incurred by Fifer in performing the Services for the Company during the Consulting Period with the prior consent of the Company, subject to Fifer's submission of appropriate documentation therefor. Reimbursements shall be payable to Fifer in accordance with the Company's travel and expense policies, as in effect from time to time.

6. Equity Awards.

(a) The Company shall, subject to the approval of the Compensation Committee of the Board of Directors and Fifer's continued engagement with the Company in accordance with the terms of this Agreement, make an annual grant to Fifer in the spring of 2017 of retention-based and performance-based restricted stock units ("RSUs") for the Company's common stock, par value \$1.00 per share, at a level consistent with the retention-based and performance-based RSU grants made to Fifer in 2016.

(b) The terms applicable to the RSUs granted to Fifer in 2017 shall be consistent in all material respects with the terms applicable to the RSUs granted to Fifer in 2016 and shall be subject to such other standard terms and conditions as apply to executive RSU awards made by the Company pursuant to the Plan (as defined below), as determined by the Compensation Committee of the Board of Directors; provided, however, that if the Compensation Committee of the Board of Directors changes the performance criteria for all executive level performance-based RSU awards, Fifer's 2017 performance-based RSU award shall include the same criteria. Further, during the Consulting Period, all RSU awards previously made to Fifer by the Company shall continue to vest as if Fifer remained employed as the Chief Executive Officer of the Company, and the Company and Fifer shall amend Fifer's existing RSU award agreements (the "Existing RSU Agreements") to reflect the foregoing.

7. Status; Benefits.

(a) It is understood and agreed that Fifer shall be an independent contractor in the performance of any and all Services during the Consulting Period, and that nothing in this Agreement shall in any way be construed to give rise to an employment relationship between the Company and Fifer during the Consulting Period.

(b) Fifer understands and agrees that, during the Consulting Period, as an independent contractor, any amounts remitted by the Company to Fifer for Services rendered are not subject to withholding for federal, state, or social security taxes. All such taxes and other legally required payments and any insurance required by law (other than health insurance) shall be Fifer's sole responsibility.

(c) Fifer agrees and understands that, during the Consulting Period, as an independent contractor, Fifer shall not be eligible to participate in, and shall not be eligible for benefits under, any of the Company's employee benefit plans or programs, provided that during the Consulting Period Fifer shall be eligible to participate in any benefit plan arrangements offered by the Company to the Company's directors, as in effect from time to time.

(d) During the Consulting Period, Fifer shall be solely responsible for his compliance with all economic, operational, safety, insurance and other requirements imposed by federal, state or local law with respect to the Services.

(e) Upon termination of the Consulting Period for any reason, the Company shall have no further obligation or liability to Fifer pursuant to this Agreement, other than the payment of any amounts due through the date of termination of the Consulting Period.

8. Confidentiality; Restricted Activities. Fifer agrees that some restrictions on his activities are necessary to protect the goodwill, Confidential Information (as defined below) and other legitimate interests of the Company and its Affiliates (as defined below):

(a) From and after the date of this Agreement, Fifer shall not disclose Confidential Information to, or use Confidential Information for the benefit of, any Person, except (i) to the extent required by an order of a court having jurisdiction over Fifer or under subpoena from an appropriate government agency, in which event, Fifer shall use his good faith efforts to consult with the General Counsel of the Company prior to responding to any such order or subpoena, or (ii) as required in the performance of the Services.

(b) Fifer agrees that, during the period commencing on the date of this Agreement and ending on the two (2) year anniversary of the termination or expiration of the Consulting Period (such period, the "Restricted Period"), Fifer shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company or its subsidiaries), that engages in any Competitive Activities (as defined below) within the United States of America or any other jurisdiction in which the Company or its subsidiaries are engaged (or have committed plans to engage) in business during the Consulting Period (the "Restricted Area"). Notwithstanding anything herein to the contrary, this Section 8 shall not prevent Fifer from acquiring or holding as an investment securities (x) of the Company or (y) representing not more than three percent (3%) of the outstanding voting securities of any other publicly-held corporation.

(c) During the Restricted Period, Fifer shall not, for his own account or for the account of any other Person (other than the Company or its subsidiaries), engage in Interfering Activities. For purposes of this Agreement, "Interfering Activities" means directly or indirectly (i) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person employed by, or Person providing consulting services to, the Company or any of its subsidiaries to terminate such employment or consulting services; provided, that the foregoing shall not be violated by a general advertising not targeted at employees or consultants of the Company or its subsidiaries; (ii) hiring any Person who was employed by the Company or any of its subsidiaries at any time during the twelve (12) month period preceding the date of such hiring; or (iii) encouraging, soliciting or inducing, or in any manner attempting to encourage, solicit or induce any customer, distributor, insurer, supplier, licensee or other business relation of the Company or any of its subsidiaries to cease doing business with or reduce the amount of business conducted with the Company or its subsidiaries, or interfering in any way with the relationship between any such customer, distributor, insurer, supplier, licensee or business relation and the Company or its subsidiaries.

(d) Without limiting the remedies available to the Company, Fifer acknowledges that a breach of any of the covenants contained in this Section 8 may result in material irreparable injury to the Company or its subsidiaries for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to seek a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of this Section 8, restraining Fifer from engaging in activities prohibited by this Section 8 or such other relief as may be required specifically to enforce any of the covenants in this Section 8. Notwithstanding any other provision herein to the contrary, the Restricted Period shall be tolled during any period of violation of Sections 8(b) or (c) and during any other period required for litigation during which the Company seeks to enforce such covenants against Fifer if it is ultimately determined that Fifer was in breach of such covenants.

(e) If any court of competent jurisdiction shall at any time determine that any covenant or agreement contained in this Section 8 exceeds the temporal, geographic or other limitations permitted by applicable law in any jurisdiction and renders such covenant or agreement unenforceable, the other provisions of this Section 8 shall nevertheless remain in effect and such covenant or agreement shall be deemed to be reformed and modified to the maximum temporal, geographic or other limitation permitted by law under the circumstances, and the Company and Fifer each agree that any such court shall be expressly empowered to so reform and modify such covenant or agreement.

(f) Fifer acknowledges and agrees that (A) the agreements and covenants contained in this Section 8 (i) are reasonable and valid in geographical and temporal scope and in all other respects, (ii) are essential to protect the value of the business, assets and confidential information of the Company and its subsidiaries and (iii) will not impose any undue hardship on Fifer, (B) Fifer has and will obtain valuable knowledge (including knowledge of the Company's trade secrets, customer relationships and other confidential information), contacts, know-how, training and experience and such knowledge, know-how, contacts, training and experience could be used to the substantial detriment of the Company and its subsidiaries, and (C) the markets served by the Company and its subsidiaries include each state within the Restricted Area and are not dependent on the geographical location of the Company's offices or its employees. Fifer further acknowledges that the Company's agreement to enter into the Agreement and to make the payments and take the actions contemplated herein is conditioned upon Fifer's agreement to the terms set forth in this Section 8 and the Company's agreement to enter into the Agreement constitutes good and valuable consideration for Fifer's agreement to the restrictions set forth in this Section 8.

(g) Unless otherwise agreed by the Company and Fifer, in the event that the Company terminates Fifer's employment as the Chief Executive Officer of the Company prior to the Transition Date without Cause (as defined below), Fifer shall, from and after the date of such termination, no longer be subject to the provisions of Section 8(b).

9. Confidential Information. All documents, records, tapes and any other media of every kind and description relating to the business of the Company or its Affiliates and any copies, in whole or in part, thereof (the "Documents"), whether or not prepared by Fifer, shall be the sole and exclusive property of the Company and its Affiliates. Fifer shall safeguard all Documents, including, but not limited to, Documents containing Confidential Information, and shall surrender to the Company at the time this Agreement terminates, or at such earlier time or times as the Board of Directors or its designee may specify, all Documents then in Fifer's possession or control.

10. Assignment of Rights to Intellectual Property. Fifer shall promptly and fully disclose to the Company all Intellectual Property (as defined below). Fifer hereby assigns and agrees to assign to the Company Fifer's full right, title and interest in and to all Intellectual Property. Fifer agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including, without limitation, the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. All copyrightable works that Fifer creates shall be considered "work made for hire."

11. Return of Property. Fifer agrees that promptly after this Agreement terminates, he shall return to the Company all property of the Company and its Affiliates, including, without limitation, mailing lists, reports, computer and paper files, memoranda, records, computer hardware, software, data, cellular telephones, credit cards, door and file keys, computer access codes or disks and instructional manuals, and that he shall not retain any copies, duplicates, reproductions or excerpts thereof.

12. Termination.

(a) This Agreement shall expire by its terms at the conclusion of the Consulting Period, but may be extended thereafter for additional successive one (1) year terms with the mutual written consent of the Company and Fifer.

(b) Notwithstanding anything to the contrary herein, the Company shall have the right to terminate this Agreement and the Consulting Period, in its discretion, in the event that:

- i. Fifer fails to perform or is negligent in the performance of the duties and services due to the Company pursuant to this Agreement;
- ii. Fifer breaches any material provision of this Agreement, which breach has not been cured to the satisfaction of the Board of Directors of within fifteen (15) days after the Board of Directors receives notice of such breach;
- iii. Fifer is convicted of a crime involving moral turpitude, dishonesty, theft, fraud, embezzlement, unethical business conduct, or conduct that materially impairs or injures the reputation of or harms the Company;
- iv. Fifer is convicted of or pleads *nolo contendere* to a felony or any other crime involving moral turpitude;
- v. Fifer engages in willful misconduct in connection with the performance of any of Fifer's duties under this Agreement, including, but not limited to, misappropriation of funds or property of the Company, securing or attempting to secure personally any profit in connection with any transaction entered into on behalf of the Company, or any violation of law or regulations on Company premises or to which the Company is subject; or
- vi. Prior to the Transition Date, Fifer's employment as the Chief Executive Officer of the Company is terminated by (A) Fifer, for any reason, or (B) by the Company, for Cause.

(c) The Parties acknowledge and agree that Sections 8-22 hereof shall survive any termination of this Agreement and the expiration of the Consulting Period.

13. Definitions. For purposes of this Agreement, the following capitalized terms have the following meanings:

(a) “Affiliate” of a Person means any Person that is directly, or indirectly through one or more intermediaries, controlling, controlled by, or under common control with, such Person. For purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(b) “Cause” means (i) a breach of Fifer’s fiduciary duties to the Company including, but not limited to, his failure to obey any lawful directive of the Board of Directors, (ii) Fifer’s personal dishonesty or willful misconduct or (iii) Fifer’s willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or final cease-and-desist order.

(c) “Competitive Activities” means any business activities involving, or related to, (i) the design, manufacture or sale of firearms or firearms accessories or (ii) any other products or services which the Company or any of its subsidiaries manufacture, sell, distribute or provide (or have committed plans to manufacture, sell, distribute or provide) during the period beginning on the date of this Agreement and ending on the last day of the Consulting Period.

(d) “Entity” means any partnership, corporation, limited liability company, unincorporated organization or association, trust or other entity.

(e) “Intellectual Property” means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by Fifer (whether alone or with others, whether or not during normal business hours or on or off Company premises) during the Consulting Period that relate to either the Products or any prospective activity of the Company or any of its Affiliates.

(f) “Person” means any individual and any Entity.

(g) “Plan” means the Company’s 2007 Stock Incentive Plan, as amended, modified, supplemented or superseded after the date of this Agreement (for the avoidance of doubt, such term shall include any successor plan of the Company that replaces the Plan).

(h) “Products” mean all products planned, researched, developed, tested, manufactured, sold, licensed or otherwise distributed or put into use by the Company or any of its Affiliates, together with all services provided by the Company.

14. Assignment. The Services to be performed are personal to Fifer and may not be transferred or assigned by Fifer at any time. Neither the Company nor Fifer may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of

the other; provided, however, that the Company may assign its rights and obligations under this Agreement without the consent of Fifer in the event that the Company shall hereafter effect a reorganization, consolidates with, or merges into, any other Person or transfer all or substantially all of its properties or assets to any other Person, in each case, in connection with such reorganization, consolidation, merger or transfer. This Agreement shall inure to the benefit of and be binding upon the Company and Fifer and their respective successors, executors, administrators, heirs and permitted assigns.

15. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent of the law.

16. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving Party. The failure of a Party to require the performance of any term or obligation of this Agreement, or the waiver by a Party of any breach of this Agreement by the other Party, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach thereof.

17. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, registered or certified, and addressed (i) to Fifer, at the address listed therefor on the books and records of the Company, or (ii) to the Company, at the address set forth therefor in the preamble, or to such other address as either Party may specify by notice to the other actually received.

18. Entire Agreement. This Agreement, together with the Existing RSU Agreements, constitute the entire agreement between the Parties and supersede all prior communications, agreements and understandings, written or oral, with respect to the subject matter hereof and thereof.

19. Amendment. This Agreement may be amended or modified only by a written instrument signed by Fifer and the Company.

20. Headings. The headings and captions on this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

21. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

22. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Connecticut, without giving effect to the principles of conflicts of law thereof.

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IN WITNESS WHEREOF, this Agreement has been executed by the Company, by its duly authorized representatives, and by Fifer, as of the date first above written.

STURM, RUGER & COMPANY, INC.

By: /S/ Thomas A. Dineen
Name: Thomas A. Dineen
Title: Vice President & CFO

EMPLOYEE

/S/ Michael O. Fifer
Michael O. Fifer

AGREEMENT

This AGREEMENT (this “Agreement”) is made and entered into as of August 1, 2016 by and between Sturm, Ruger & Company, Inc., a Delaware corporation with its principal place of business at One Lacey Place, Southport, Connecticut 06890 (the “Company”), and Christopher J. Killoy, an individual (“Employee”).

W I T N E S S E T H:

WHEREAS, the Company desires to employ Employee and to enter into an agreement embodying the terms of such employment and Employee desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement; and

WHEREAS, the Company and Employee agree that this Agreement shall supersede and replace that certain letter agreement, dated February 28, 2008 (the “Severance Agreement”), entered into between the Company and Employee with respect to certain severance arrangements involving Employee;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and Employee hereby agree as follows:

Section 1. Definitions.

(a) “Accrued Obligations” shall mean (i) all accrued but unpaid Base Salary through the date of termination of Employee’s employment and (ii) any unpaid or unreimbursed expenses incurred in accordance with Section 6 below.

(b) “Annual Compensation” shall mean, at any time, an amount equal to Employee’s Base Salary, plus 100% of the target cash bonus or other cash incentive that Employee is eligible to earn in such year pursuant to each plan or program (whether or not such plan or program has been formalized or is in written form) of the Company in effect for such year that provides for cash bonuses or other cash incentives, or if no such plan or program has been adopted with respect to such year, 100% of the target cash bonus or other cash incentive that Employee is eligible to earn in the most recent year in which such a plan or program was in effect.

(c) “Base Salary” shall mean the salary provided for in Section 3(a) below or any increased salary granted to Employee pursuant to Section 3(a).

(d) “Board” shall mean the Board of Directors of the Company.

(e) “CEO” shall mean the Chief Executive Officer of the Company.

(f) “Cause” shall mean (i) a breach of Employee’s fiduciary duties to the Company including, but not limited to, his failure to obey any lawful directive of the Board, (ii) Employee’s personal dishonesty or willful misconduct or (iii) Employee’s willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or final cease-and-desist order.

(g) “Change in Control” shall be deemed to have the same meaning as defined in the Sturm, Ruger & Company, Inc. 2007 Stock Incentive Plan (as amended, modified, replaced or superseded after the Effective Date) or any successor equity incentive plan of the Company.

(h) “Change in Control Termination” shall have the meaning set forth in Section 7(e).

(i) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(j) “Company” shall have the meaning set forth in the preamble hereto.

(k) “Competitive Activities” shall mean any business activities involving, or related to, (i) the design, manufacture or sale of firearms or firearms accessories or (ii) any other products or services which the Company or its subsidiaries manufacture, sell, distribute or provide (or have committed plans to manufacture, sell, distribute or provide) during the term of Employee’s employment with the Company.

(l) “Confidential Information” shall mean confidential or proprietary trade secrets, customer lists, customer identities and information, information regarding service providers, manufacturing processes, product designs or other intellectual property, marketing data or plans, sales data or plans, management organization information, operating policies or manuals, business plans, operations or techniques, financial records or data, or other financial, commercial, business or technical information (i) of or relating to the Company or any of its subsidiaries, or (ii) that the Company or any of its subsidiaries may receive belonging to suppliers, customers or other Persons who do business with the Company or its subsidiaries, but shall exclude any information that is in the public domain or hereafter enters the public domain, in each case, without the breach by Employee of his obligations under this Agreement.

(m) “Developments” shall have the meaning set forth in Section 8(e).

(n) “Effective Date” shall mean the date of this Agreement.

(o) “Employee” shall have the meaning set forth in the preamble hereto.

(p) “Good Reason” shall mean, without Employee’s consent, (i) a substantial and material diminution in Employee’s title, duties or responsibilities or (ii) a breach by the Company of any material provision of this Agreement.

(q) “Initial Period” shall have the meaning set forth in Section 2(b).

(r) “Interfering Activities” shall mean directly or indirectly (i) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person employed by, or Person providing consulting services to, the Company or any of its subsidiaries to terminate such employment or consulting services; provided, that the foregoing shall not be violated by a general advertising not targeted at employees or consultants of the Company or its subsidiaries; (ii) hiring any Person who was employed by the Company or any of its subsidiaries at any time during the twelve (12) month period preceding the date of such hiring; or (iii) encouraging, soliciting or inducing, or in any manner attempting to encourage, solicit or induce any customer, distributor, insurer, supplier, licensee or other business relation of the Company or any of its subsidiaries to cease doing business with or reduce the amount of business conducted with the Company or its subsidiaries, or interfering in any way with the

relationship between any such customer, distributor, insurer, supplier, licensee or business relation and the Company or its subsidiaries.

(s) “Person” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization or other form of business entity.

(t) “Release” shall mean a release made by Employee in favor of the Company and its affiliates, in form and content acceptable to the Company, which shall include, but not be limited to, appropriate non-disparagement provisions.

(u) “Release Expiration Date” shall mean the date which is twenty-one (21) days following Employee’s termination of employment, or, in the event that such termination of employment is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date which is forty-five (45) days following Employee’s termination of employment.

(v) “Restricted Area” shall mean the United States of America or any other jurisdiction in which the Company or its subsidiaries are engaged (or have committed plans to engage) in business during the term of Employee’s employment with the Company.

(w) “Restricted Period” shall mean the period commencing on the Effective Date and extending to the twenty four (24) month anniversary of Employee’s termination of employment for any reason.

(x) “Subsequent Period” shall have the meaning set forth in Section 2(b).

(v) “Term of Employment” shall have the meaning set forth in Section 2(a) below.

Section 2. Acceptance of Employment; Position, Duties and Responsibilities; Place of Performance.

(a) Term of Employment; Employment Status. The Company agrees to employ Employee and Employee agrees to serve the Company on the terms and conditions set forth herein. This Agreement shall commence on the Effective Date and shall continue until the termination of Employee’s employment for any reason (such period, the “Term of Employment”). Notwithstanding the foregoing, or anything to the contrary herein, nothing in this Agreement (i) confers upon the Employee the right to continue in the employment of the Company or to the right to hold any particular office or position with the Company, (ii) except as set forth herein, entitles Employee to receive any specified annual salary or bonus or other compensation or (iii) interferes with or restricts in any way the right of the Company to terminate Employee’s employment at any time, with or without Cause.

(b) Position.

(i) During the period beginning on the Effective Date and ending on May 8, 2017 (the “Initial Period”), Employee shall be employed and continue to serve as the President of the Company (together with such other position or positions consistent with Employee’s title as the Board shall specify from time to time) and shall have such duties typically associated with

such title and such additional duties as may be specified by the CEO or the Board from time to time. Employee also agrees to serve as an officer and/or director of any parent or subsidiary of the Company if requested by the CEO or the Board, in each case, without additional compensation.

(ii) During the period beginning on May 9, 2017 and ending on the last day of the Term of Employment (the “Subsequent Period”), the Company and Employee currently anticipate that Employee shall serve as the CEO of the Company (together with such other position or positions consistent with Employee’s title as the Board shall specify from time to time) and shall have such duties typically associated with such title and such additional duties as may be specified by the Board from time to time. Employee also agrees to serve as an officer and/or director of the Company and/or any parent or subsidiary of the Company if requested by the Board, in each case, without additional compensation.

(c) Employment Duties; Conflicting Activities. Employee shall devote his full business time, attention, skill and best efforts to the performance of his duties under this Agreement and shall not engage in any other business or occupation during the Term of Employment, including, without limitation, any activity that (x) conflicts with the interests of the Company or its subsidiaries, (y) interferes with the proper and efficient performance of his duties for the Company or (z) interferes with the exercise of his judgment in the Company’s best interests. Notwithstanding the foregoing, nothing herein shall preclude Employee from (i) serving, with the prior written consent of the Board, as a member of the board of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing businesses and charitable organizations, (ii) engaging in charitable activities and community affairs and (iii) managing his personal investments and affairs; provided, however, that the activities set out in clauses (i), (ii) and (iii) shall be limited by Employee so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder.

(d) Place of Employment. Employee’s principal place of employment shall be in Southport, Connecticut or such other location as may be designated as the Company’s corporate headquarters by the Board from time to time, although Employee understands and agrees that he will be required to travel from time to time for business reasons.

Section 3. **Compensation.** During the Term of Employment, Employee shall be entitled to the following compensation:

(a) Base Salary.

(i) During the period beginning on the Effective Date and ending on the last day of the Initial Period, Employee shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of not less than \$425,000.

(ii) During the Subsequent Period, Employee shall be paid an annualized Base Salary, payable in accordance with the regular payroll practices of the Company, of not less than \$500,000, with increases, if any, as may be approved by the Board.

(b) Annual Bonus and Equity Compensation. During the Term of Employment, Employee shall be eligible to receive an annual target cash bonus and awards of restricted stock units or other equity-based incentive compensation consistent with his position(s) with the Company, in each case, as determined by the Board and the Compensation Committee of the Board; provided that during the

Subsequent Period Employee's (i) annual target cash bonus, (ii) annual performance equity-based incentive compensation and (iii) annual retention equity-based incentive compensation shall each be equal to 100% of his Base Salary for the applicable period (subject, in each case, to adjustment by the Board and the Compensation Committee of the Board from time to time during the Term of Employment in connection with changes to the compensation structure of Company executives adopted thereby).

Section 4. Employee Benefits.

During the Term of Employment, Employee shall be entitled to participate in health, insurance, retirement and other benefits provided to other senior executives of the Company. Employee shall also be entitled to the same number of holidays, vacation days, sick days and other benefits as are generally allowed to senior executives of the Company in accordance with the Company's policies in effect from time to time.

Section 5. Key-Man Insurance.

At any time during the Term of Employment, the Company shall have the right to insure the life of Employee for the sole benefit of the Company, in such amounts, and with such terms, as it may determine. All premiums payable thereon shall be the obligation of the Company. Employee shall have no interest in any such policy, but agrees to cooperate with the Company in taking out such insurance by submitting to physical examinations, supplying all information required by each insurance company, and executing all necessary documents, provided that no financial obligation is imposed on Employee by any such documents.

Section 6. Reimbursement of Business Expenses.

Employee is authorized to incur reasonable business expenses in carrying out his duties and responsibilities under this Agreement and the Company shall promptly reimburse him for all such reasonable business expenses incurred in connection with carrying out the business of the Company, subject to documentation in accordance with the Company's policies, as in effect from time to time.

Section 7. Termination of Employment.

(a) General. Notwithstanding Section 2, or anything to the contrary herein, the Term of Employment shall terminate upon the earliest to occur of (i) Employee's death, (ii) a termination of Employee's employment by the Company with or without Cause and (iii) a termination by Employee. Upon any termination of Employee's employment for any reason, except as may otherwise be requested by the Company in writing, Employee shall resign from any and all directorships, committee memberships or any other positions Employee holds with the Company or any of its subsidiaries or affiliates.

(b) Termination due to Death. Employee's employment shall terminate automatically upon his death. In the event Employee's employment is terminated due to his death, Employee's estate or beneficiaries, as the case may be, shall be entitled to the Accrued Obligations. Following such termination of Employee's employment by the reason of death, except as set forth in this Section 7(b), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Termination by the Company for Cause. The Company may terminate Employee's employment at any time for Cause. In the event the Company terminates Employee's

employment for Cause, he shall be entitled only to the Accrued Obligations. Following such termination of Employee's employment for Cause, except as set forth in this Section 7(c), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Termination by the Company without Cause. The Company may terminate Employee's employment at any time without Cause. In the event Employee's employment is terminated by the Company without Cause (other than due to death) during the Term of Employment, Employee shall be entitled to receive:

(i) The Accrued Obligations; and

(ii) Subject to the limitations set forth in Section 11(b), within thirty (30) days (or forty-five (45) days in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967)) after the date that Employee executes and delivers a Release to the Company, or, to the extent required by Section 409A of Code, on the first day of the seventh month following such date, as a severance payment for services previously rendered to the Company, a lump sum equal to twenty four (24) months of Base Salary (at the rate in effect immediately prior to the date Employee's employment terminates).

Following such termination of Employee's employment without Cause, except as set forth in this Section 7(d) and Section 7(h), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Change in Control Termination. If (i) a Change in Control occurs during the Term of Employment, (ii) within twenty four (24) months after the effective date of such Change in Control the Company reduces Employee's Base Salary or makes a material change in the nature and scope of Employee's duties to a level below that in effect immediately prior to the effective date of such Change in Control and (iii) within ninety (90) days thereafter Employee or the Company terminates Employee's employment (an employment termination that satisfies the foregoing conditions, a "Change in Control Termination"), then Employee shall be entitled to receive:

(i) The Accrued Obligations; and

(ii) Subject to the limitations set forth in Section 11(b), within thirty (30) days (or forty-five (45) days in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967)) after the date that Employee executes and delivers a Release to the Company or, to the extent required by Section 409A of the Code, on the first day of the seventh month following such date, a lump sum equal to twenty four (24) months of Employee's Annual Compensation in effect immediately prior to the date Employee's employment terminates (without regard to any decrease in the rate of Employee's Annual Compensation made after such Change in Control).

Following such termination of Employee's employment, except as set forth in this Section 7(e) and Section 7(h), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(f) Termination by Employee With Good Reason. Employee may terminate his employment with the Company for Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within sixty (60) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if such event is curable), and if such event is not reasonably cured within such period, Employee's termination will be effective upon the expiration of such cure period, and Employee shall be entitled to the same payments and benefits as provided in Section 7(d) above for a termination of Employee's employment by the Company without Cause, subject to the same conditions on payment and benefits as described in Section 7(d) above. Following such termination by Employee, except as set forth in this Section 7(e) and Section 7(h), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(g) Termination by Employee Without Good Reason. Employee may terminate his employment with the Company at any time. In the event of a termination of employment by Employee, other than a termination of employment by Employee that qualifies as a Change in Control Termination or a termination with Good Reason pursuant to Section 7(f), Employee shall be entitled only to the Accrued Obligations. Following such termination by Employee, except as set forth in this Section 7(e), Employee shall have no further rights to any compensation or any other benefits under this Agreement.

(h) Benefits. Upon the occurrence of a termination of Employee's employment pursuant to Sections 7(d), (e) or (f), the Company shall also cause to be continued, for a period of time equal to the number of months of severance pay due to Employee, such life, medical and dental insurance coverage as is otherwise maintained by the Company for full-time employees (based on the Base Salary in effect immediately prior to the date Employee's employment terminates), subject to the limitations set forth in such plans, programs or policies, provided that Employee shall continue to pay all amounts in respect of such coverage that an employee receiving the same level of coverage is or would be required to pay (the employee contribution).

(i) Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit pursuant to Sections 7(d), (e), (f) or (h) (other than the Accrued Obligations), Employee shall have executed, on or prior to the Release Expiration Date, a Release, which Release and any waiting periods contained in such Release shall have expired. In the event that Employee fails to execute a Release in favor of the Company and its subsidiaries and affiliates and their respective related parties on or prior to the Release Expiration Date, Employee shall not be entitled to any payments or benefits pursuant to Sections 7(d), (e), (f) or (h) (other than the Accrued Obligations).

(j) Exclusive Rights. The severance benefits specified in this Section 7 (i) shall be in lieu of any severance pay or other severance benefit that the Company may provide to terminated employees pursuant to policies of the Company that may at that time be in effect and (ii) shall not in any way affect Employee's entitlement to the receipt of a pro-rated cash bonus or other cash incentive that Employee is otherwise eligible to earn in the ordinary course, during the partial year prior to date of termination, pursuant to each plan or program (whether or not such plan or program has been formalized or is in written form) of the Company in effect for such year that provides for cash bonuses or other cash incentives (provided that the Company goals that trigger the obligation of the Company to pay any such cash bonus or other cash incentives are satisfied).

Section 8. **Restrictive Covenants.** Employee acknowledges and agrees that: (a) the agreements and covenants contained in this Section 8 (i) are reasonable and valid and (ii) are essential to protect the value of the business, assets and confidential information of the Company and its subsidiaries, (b) by his employment with the Company, Employee has and will obtain valuable knowledge (including knowledge of the Company's trade secrets, customer relationships and other confidential information), contacts, know-how, training and experience and such knowledge, know-how, contacts, training and experience could be used to the substantial detriment of the Company and its subsidiaries, and (c) the markets served by the Company and its subsidiaries include each state within the Restricted Area and are not dependent on the geographical location of the Company's offices or its employees. Employee further acknowledges that (x) the Company's agreements with Employee pursuant to this Agreement are conditioned upon Employee's agreement to the terms set forth in this Section 8 and (y) the Company's agreement to enter into this Agreement constitutes good and valuable consideration for Employee's agreement to the restrictions set forth in this Section 8.

(a) Confidential Information. From and after the Effective Date, Employee shall not disclose Confidential Information to, or use Confidential Information for the benefit of, any Person (other than the Company and its subsidiaries), except (i) to the extent required by an order of a court having jurisdiction over Employee or under subpoena from an appropriate government agency, in which event, Employee shall consult with the General Counsel of the Company prior to responding to any such order or subpoena or (ii) as required in the performance of his duties for the Company.

(b) Non-Competition. Employee covenants and agrees that during the Restricted Period, Employee shall not, directly or indirectly, individually or jointly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any Person (other than the Company or its subsidiaries), that engages in any Competitive Activities within the Restricted Area. Notwithstanding anything herein to the contrary, this Section 8(b) shall not prevent Employee from acquiring or holding as an investment securities (x) of the Company or (y) representing not more than three percent (3%) of the outstanding voting securities of any other publicly-held corporation.

(c) Non-Solicitation; Non-Interference. During the Restricted Period, Employee shall not, for his own account or for the account of any other Person, engage in Interfering Activities.

(d) Return of Documents. In the event of the termination of Employee's employment for any reason, Employee shall deliver to the Company all of (i) the property of the Company and (ii) the documents and data of any nature and in whatever medium of the Company, and he shall not take with him any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

(e) Works for Hire. Employee agrees that the Company shall own all right, title and interest throughout the world in and to any and all inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets, whether or not patentable or registerable under copyright or similar laws, which Employee may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice during the term of his employment with the Company, whether or not during regular working hours, provided such inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets (i) relate at the time of conception or development to the actual or demonstrably proposed business or research and

development activities of the Company or its subsidiaries; (ii) result from or relate to any work performed for the Company or its subsidiaries; or (iii) are developed through the use of Confidential Information and/or Company resources or in consultation with Company personnel (such inventions, original works of authorship, developments, concepts, know-how, improvements or trade secrets are collectively referred to herein as “Developments”). Employee hereby assigns all right, title and interest in and to any and all of these Developments to the Company. Employee agrees to assist the Company, at the Company’s expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights specified to be so owned or assigned. Employee hereby irrevocably designates and appoints the Company and its agents as attorneys-in-fact for and on Employee’s behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by Employee. In addition, and not in contravention of any of the foregoing, Employee acknowledges that all original works of authorship which are made by him (solely or jointly with others) within the scope of employment and which are protectable by copyright are “works made for hire,” as that term is defined in the United States Copyright Act (17 USC Sec. 101). To the extent allowed by law, this includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as “moral rights.” To the extent Employee retains any such moral rights under applicable law, Employee hereby waives such moral rights and consents to any action consistent with the terms of this Agreement with respect to such moral rights, in each case, to the full extent of such applicable law. Employee will confirm any such waivers and consents from time to time as requested by the Company.

(f) Blue Pencil. If any court of competent jurisdiction shall at any time determine that any covenant or agreement contained in this Section 8 exceeds the temporal, geographic or other limitations permitted by applicable law in any jurisdiction and renders such covenant or agreement unenforceable, the other provisions of this Section 8 shall nevertheless remain in effect and such covenant or agreement shall be deemed to be reformed and modified to the maximum temporal, geographic or other limitation permitted by law under the circumstances, and the Company and Employee each agree that any such court shall be expressly empowered to so reform and modify such covenant or agreement.

(g) Effectiveness. In the event that the Company terminates Employee’s employment with the Company without Cause, Employee shall, from and after the date of such termination, no longer be subject to the provisions of Section 8(b).

Section 9. **Injunctive Relief.**

Without limiting the remedies available to the Company, Employee acknowledges that a breach of any of the covenants contained in Section 8 hereof may result in material irreparable injury to the Company or its subsidiaries or affiliates for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction, without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach of Section 8 hereof, restraining Employee from engaging in activities prohibited by Section 8 hereof or such other relief as may be required specifically to enforce any of the covenants in Section 8 hereof. Notwithstanding any other provision to the contrary, the Restricted Period shall be tolled during any period of violation of any of the covenants in Section 8(b) or (c) hereof and during any other period required for litigation during which the Company seeks to enforce such covenants against Employee if it is ultimately determined that Employee was in breach of such covenants.

Section 10. Representations and Warranties of Employee.

Employee represents and warrants to the Company that:

- (a) Employee is entering into this Agreement voluntarily and that his employment hereunder and compliance with the terms and conditions hereof will not conflict with or result in the breach by him of any agreement to which he is a party or by which he may be bound;
- (b) He has not, and in connection with his employment with the Company will not, violate any non-solicitation or other similar covenant or agreement by which he is or may be bound; and
- (c) In connection with his employment with the Company he will not use any confidential or proprietary information he may have obtained in connection with employment with any prior employer.

Section 11. Taxes.

- (a) The Company may withhold from any payments made under this Agreement, including payments made pursuant to Section 7, all applicable taxes, including, but not limited to, income, employment and social insurance taxes, as shall be required by law. Employee acknowledges and represents that the Company has not provided any tax advice to him in connection with this Agreement and that he has been advised by the Company to seek tax advice from his own tax advisors regarding this Agreement and payments that may be made to him pursuant to this Agreement, including, specifically, the application of the provisions of Sections 280G or 409A of the Code to such payments.
- (b) In the event that any amount otherwise payable pursuant to Section 7 would be deemed to constitute a parachute payment (a "Parachute Payment") within the meaning of Section 280G of the Code, and if any such Parachute Payment, when added to any other payments which are deemed to constitute Parachute Payments, would otherwise result in the imposition of an excise tax under Section 4999 of the Code, the amounts payable hereunder shall be reduced by the smallest amount necessary to avoid the imposition of such excise tax. Any such limitation shall be applied to such compensation and benefit amounts, and in such order, as the Company shall determine in its sole discretion.

Section 12. Set Off; Mitigation.

The Company's obligation to pay Employee the amounts provided and to make the arrangements provided hereunder shall be subject to set-off, counterclaim or recoupment of amounts owed by Employee to the Company or its subsidiaries or affiliates. Employee shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment or otherwise and the amount of any payment provided for pursuant to this Agreement shall not be reduced by any compensation earned as a result of Employee's other employment or otherwise.

Section 13. Delay in Payment.

Notwithstanding any provision in this Agreement to the contrary, any payment otherwise required to be made hereunder to Employee at any date as a result of the termination of Employee's employment shall be delayed for such period of time as may be necessary to meet the requirements of section 409A(a)(2)(B)(i) of the Code. On the earliest date on which such payments can be made without violating the requirements of section 409A(a)(2)(B)(i) of the Code, there shall be paid to Employee, in a

single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence.

Section 14. Successors and Assigns; No Third-Party Beneficiaries.

(a) The Company. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Neither this Agreement nor any of the rights, obligations or interests arising hereunder may be assigned by the Company without Employee's prior written consent, to a Person other than a subsidiary, affiliate or parent entity of the Company, or their respective successors or assigns; provided, however, that, in the event of the merger, consolidation, transfer or sale of all or substantially all of the assets of the Company with or to any other Person, this Agreement shall, subject to the provisions hereof, be freely assignable to, and be binding upon and inure to the benefit of, each such Person, without Employee's consent, and, to the extent the Agreement has been so assigned, such Person shall discharge and perform all the promises, covenants, duties and obligations of the Company hereunder.

(b) Employee. Employee's rights and obligations under this Agreement shall not be transferable by Employee, by assignment or otherwise, without the prior written consent of the Company; provided, however, that if Employee shall die, all amounts then payable to Employee hereunder shall be paid in accordance with the terms of this Agreement to Employee's devisee, legatee or other designee or, if there be no such designee, to Employee's estate.

(c) No Third-Party Beneficiaries. Except as otherwise set forth in Section 7(b) or this Section 14, nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the Company (and its subsidiaries and affiliates) and Employee any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement.

Section 15. Waiver and Amendments.

Any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by each of the parties hereto; provided, however, that any such waiver, alteration, amendment or modification is approved by the Board. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

Section 16. Severability.

If any covenants or such other provisions of this Agreement are found to be invalid or unenforceable by a final determination of a court of competent jurisdiction: (i) the remaining terms and provisions hereof shall be unimpaired, and (ii) the invalid or unenforceable term or provision hereof shall be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision hereof.

Section 17. Governing Law and Jurisdiction.

This Agreement is governed by and is to be construed under the laws of the State of Connecticut without regard to conflict of laws rules. Any dispute or claim arising out of or relating to this Agreement or claim of breach hereof (other than claims for injunctive relief, which shall be governed by Section 9

hereof) shall be brought exclusively in the State or Federal courts located in Hartford, Connecticut. By execution of the Agreement, the parties hereto, and their respective affiliates, consent to the exclusive jurisdiction of such court, and waive any right to challenge jurisdiction or venue in such court with regard to any suit, action, or proceeding under or in connection with the Agreement. Each party to this Agreement also hereby waives any right to trial by jury in connection with any suit, action or proceeding under or in connection with this Agreement.

Section 18. Notices.

(a) Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided, provided that, unless and until some other address be so designated, all notices or communications by Employee to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to Employee may be given to Employee personally or may be mailed to Employee at Employee's last known address, as reflected in the Company's records.

(b) Any notice so addressed shall be deemed to be given: (i) if delivered by hand, on the date of such delivery; (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing; and (iii) if mailed by registered or certified mail, on the third (3rd) business day after the date of such mailing.

Section 19. Section Headings.

The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof, affect the meaning or interpretation of this Agreement or of any term or provision hereof.

Section 20. Entire Agreement.

This Agreement, together with any exhibits attached hereto, constitutes the entire understanding and agreement of the parties hereto regarding the subject matter hereof. This Agreement supersedes all prior negotiations, discussions, correspondence, communications, understandings and agreements between the parties hereto relating to the subject matter of this Agreement, including, without limitation, the Severance Agreement.

Section 21. Survival of Operative Sections.

Upon any termination of Employee's employment with the Company, the provisions of Section 7 through Section 22 of this Agreement (together with any related definitions set forth in Section 1 hereof) shall survive to the extent necessary to give effect to the provisions thereof.

Section 22. Counterparts.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile (including by way of PDF files) signature.

* * *

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COMPANY:

STURM RUGER & COMPANY, INC.

By: /S/ Michael O. Fifer
Name: Michael O. Fifer
Title: Chief Executive Officer

EMPLOYEE:

/S/ Christopher J. Killoy
Christopher J. Killoy



July 27, 2016

Shawn C. Leska
1 Lacey Place
Southport, CT 06890

Dear Shawn:

As you are aware, it is the practice of Sturm, Ruger & Co., Inc. (the "Company") to provide severance benefits, subject to certain conditions, to certain officers whose employment is terminated by the Company.

The purpose of this letter is to set forth the terms of the severance benefits that you would be entitled to receive under the circumstances outlined below.

1. (a) Termination Without Cause: Subject to the limitations set forth in Section 4, if, during the Term (as defined below) the Company terminates your employment without Cause (as defined below) then the Company shall pay to you, within 30 days after the date that you execute and deliver a Release (as defined below) to the Company (the "Release Delivery Date") or, to the extent required by Section 409A of the Internal Revenue Code of 1986 (the "Code"), on the first day of the seventh month following the Release Delivery Date, as a severance payment for services previously rendered to the Company, a lump sum equal to: (i) 12 months of Base Annual Salary (as defined below) if you have been employed by the Company for less than 5 years by the Company as of the date of your termination or (ii) 18 months of Base Annual Salary if you have been employed by the Company for 5 years or more as of the date of your termination. Your Base Annual Salary shall be the rate in effect immediately prior to the date your employment terminates.

(b) Change of Control Termination: Subject to the limitations set forth in Section 4, if (i) a Change in Control (as defined below) occurs during the Term, (ii) within 24 months after the effective date of such Change in Control the Company reduces your annual salary or makes a material change in the nature and scope of your duties to a level below that in effect immediately prior to the effective date of the Change in Control and (iii) thereafter you or the Company terminates your employment during the Term, then the Company shall pay to you, within 30 days after the Release Delivery Date or, to the extent required by Section 409A of the Code, on the first day of the seventh month following the Release Delivery Date, a lump sum equal to 18 months of your Annual Compensation in effect immediately prior to the date your employment terminates (without regard to any decrease in the rate of your Annual Compensation made after the Change in Control).

(c) Section 409A of the Code: Notwithstanding the foregoing or anything to the contrary contained in any Company policy providing for severance payments and benefits to which you

may become eligible pursuant to this Section 1, to the extent required by Section 409A of the Code, no payments shall be made to you pursuant to any such Company policy during the first six months following your termination of employment with the Company; you shall instead receive a lump sum payment on the first day of the seventh month following the date your employment terminates in an amount equal to the total amount of payments that you otherwise would have received during the first six months following your termination of employment. Any remaining payments shall be made to you in accordance with the terms of the applicable Company policy.

(d) The severance benefits specified in this Section 1 shall be in lieu of any severance pay or other severance benefit that the Company may provide to terminated employees pursuant to policies of the Company that may at that time be in effect.

(e) The severance benefits specified in this Section 1 shall not in any way affect your entitlement to the receipt of a pro-rated cash bonus or other cash incentive that you are otherwise eligible to earn in the ordinary course, during the partial year prior to date of termination, pursuant to each plan or program (whether or not such plan or program has been formalized or is in written form) of the Company in effect for such year that provides for cash bonuses or other cash incentives (provided that the Company goals that trigger the obligation of the Company to pay the cash bonus or other cash incentives are satisfied).

2. Definitions: As used herein:

(a) "Annual Compensation" shall mean, at any time, an amount equal to your Base Annual Salary, plus 100% of the target cash bonus or other cash incentive that you are eligible to earn in such year pursuant to each plan or program (whether or not such plan or program has been formalized or is in written form) of the Company in effect for such year that provides for cash bonuses or other cash incentives, or if no such plan or program has been adopted with respect to such year, 100% of the target cash bonus or other cash incentive that you were eligible to earn in the most recent year in which such a plan or program was in effect;

(b) "Base Annual Salary" shall mean, at any time, an amount equal to your annual rate of salary at such time;

(c) "Cause" shall mean: (i) a breach of your fiduciary duty to the Company including, but not limited to, your failure to obey any lawful directive of the Board of Directors of the Company, (ii) your personal dishonesty or willful misconduct or (iii) your willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or final cease-and-desist order;

(d) "Change in Control" shall be deemed to have the same meaning as defined in the Sturm, Ruger & Company, Inc. 2007 Stock Incentive Plan;

(e) "Release" shall mean a release in made by you in favor of the Company and its affiliates, in form and content acceptable to the Company, which shall include, but not be limited to, appropriate non-solicitation and non-disparagement provisions and that shall last for a period of time equal to the number of months of severance being received by you; and

(f) "Term" shall mean the period commencing on the date hereof and ending on the first anniversary of the date hereof, subject to automatic extension on each anniversary of the date hereof, unless (i) you give notice of your intent to terminate your employment, or otherwise terminate your employment, before such date or (ii) the Company gives written notice to you of the termination of such automatic extensions at least 360 days prior to such date.

3. Benefits: Upon the occurrence of a termination of your employment under circumstances entitling you to receive the severance payment provided in Section 1 above, the Company shall also cause to be continued, for a period of time equal to the number of months of severance pay, such life, medical and dental insurance coverage as is otherwise maintained by the Company for full-time employees (based on your Base Annual Salary in effect immediately prior to the date your employment terminates), subject to the limitations set forth in such plans, programs or policies, provided that you shall continue to pay all amounts in respect of such coverage that an employee receiving the same level of coverage is or would be required to pay (the employee contribution).

4. Parachute Payment: In the event that any amount otherwise payable hereunder would be deemed to constitute a parachute payment (a "Parachute Payment") within the meaning of Section 280G of the Code, and if any such Parachute Payment, when added to any other payments which are deemed to constitute Parachute Payments, would otherwise result in the imposition of an excise tax under Section 4999 of the Code, the amounts payable hereunder shall be reduced by the smallest amount necessary to avoid the imposition of such excise tax. Any such limitation shall be applied to such compensation and benefit amounts, and in such order, as the Company shall determine in its sole discretion.

5. Termination for Cause and Voluntary Termination: You shall have no right to receive any severance pay or severance benefit for any period after the date of the termination by the Company of your employment for Cause or, except as otherwise provided in Section 1, following the voluntary termination by you of your employment. Notwithstanding the foregoing, nothing herein shall affect any equity awards you are entitled to receive under Restricted Stock Unit ("RSU") awards in place at the time of termination, if any, such RSU awards subject to, and governed by, their own terms.

6. Nothing in this letter (a) confers upon you the right to continue in the employment of the Company or the right to hold any particular office or position with the Company, (b) requires the Company to pay you, or entitles you to receive, any specified annual salary or interferes with or restricts in any way the right of the Company to decrease your annual salary at any time or (c) interferes with or restricts in any way the right of the Company to terminate your employment at any time, with or without Cause.

7. Any payments due you hereunder shall be reduced by all applicable withholding and other taxes.

8. The provisions set forth in this letter shall continue in effect throughout its Term.

9. This letter is intended to be binding upon the Company, its successors in interest and assigns. On and after the date of this letter, the terms regarding severance benefits described herein shall supersede and replace all severance and other benefits provided under, and any other provisions set forth or described in any prior letters to, or agreements with, you relating to provisions of benefits upon a termination of your employment, and are contingent upon your acceptance by signing below.

10. This letter shall be governed by, construed and enforced in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

11. You and the Company intend that this letter complies with the provisions of Section 409A of the Code and the regulations and other guidance of general applicability that are issued thereunder. You and the Company agree to negotiate in good faith regarding amendments to this letter that may be necessary or desirable to comply with Section 409A.

This letter may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will collectively constitute a single original.

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Very truly yours,

STURM, RUGER & CO., INC.

/S/ Michael O Fifer

Michael O. Fifer

Chief Executive Officer

Agreed and Accepted:

By: /S/ Shawn C. Leska
Shawn C. Leska

Date: July 27, 2016



STURM, RUGER & CO., INC.

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FOR IMMEDIATE RELEASE

STURM, RUGER & COMPANY, INC. REPORTS SECOND QUARTER
DILUTED EARNINGS OF \$1.22 PER SHARE
AND DECLARES DIVIDEND OF 49¢ PER SHARE

SOUTHPORT, CONNECTICUT, August 2, 2016--Sturm, Ruger & Company, Inc. (NYSE-RGR) announced today that for the second quarter of 2016 the Company reported net sales of \$167.9 million and diluted earnings of \$1.22 per share, compared with net sales of \$140.9 million and diluted earnings of 91¢ per share in the second quarter of 2015.

For the six months ended July 2, 2016, net sales were \$341.1 million and fully diluted earnings were \$2.44 per share. For the corresponding period in 2015, net sales were \$277.8 million and fully diluted earnings were \$1.71 per share.

The Company also announced today that its Board of Directors declared a dividend of 49¢ per share for the second quarter for stockholders of record as of August 12, 2016, payable on August 26, 2016. This dividend varies every quarter because the Company pays a percentage of earnings rather than a fixed amount per share. This dividend is approximately 40% of net income.

Chief Executive Officer Michael O. Fifer made the following observations related to the Company's 2016 second quarter performance:

- In the second quarter of 2016, net sales increased 19% and earnings per share increased 34% from the second quarter of 2015.
- EBITDA was \$45 million, or 27% of sales, in the second quarter of 2016, an increase of 25% from \$36 million, or 26% of sales, in the comparable prior year period.
- New products, including the American Pistol, the Precision Rifle, the AR-556 modern sporting rifle, and the LC9s pistol, represented \$53 million or 33% of firearm sales in the second quarter of 2016. New product sales include only major new products that were introduced in the past two years.
- The estimated unit sell-through of the Company's products from the independent distributors to retailers increased 20% in the second quarter of 2016 from the comparable prior year period. For the same period, the National Instant Criminal Background Check System background checks (as adjusted by the National Shooting Sports Foundation) increased 15%.
- The increase in estimated sell-through of the Company's products from the independent distributors to retailers is attributable to:
 - the increase in overall industry demand,
 - strong demand for certain new products, and
 - increased production of several products in strong demand.
- During the second quarter of 2016, the Company's finished goods inventory increased by 25,700 units and distributor inventories of the Company's products increased by 50,300 units.
- Cash generated from operations during the first half of 2016 was \$66 million. At July 2, 2016, our cash totaled \$103 million. Our current ratio is 2.8 to 1 and we have no debt.
- In the first half of 2016, capital expenditures totaled \$11 million, much of it related to tooling and equipment for new products. We expect our 2016 capital expenditures to total approximately \$30 million.
- In the first half of 2016, the Company returned \$16 million to its shareholders through the payment of dividends.
- At July 2, 2016, stockholders' equity was \$255 million, which equates to a book value of \$13.27 per share, of which \$5.37 per share is cash.

Today, the Company filed its Quarterly Report on Form 10-Q. The financial statements included in this Quarterly Report on Form 10-Q are attached to this press release.

Tomorrow, August 3, 2016, Sturm, Ruger will host a webcast at 9:00 a.m. ET to discuss the second quarter operating results. Interested parties can access the webcast at www.ruger.com/corporate or by dialing [720-634-2919](tel:720-634-2919), participant code [50151643](http://www.ruger.com/corporate).

The Quarterly Report on Form 10-Q is available on the SEC website at www.sec.gov and the Ruger website at www.ruger.com/corporate. Investors are urged to read the complete Quarterly Report on Form 10-Q to ensure that they have adequate information to make informed investment judgments.

About Sturm, Ruger

Sturm, Ruger & Co., Inc. is one of the nation's leading manufacturers of rugged, reliable firearms for the commercial sporting market. As a full-line manufacturer of American-made firearms, Ruger offers consumers over 400 variations of more than 30 product lines. For more than 60 years, Ruger has been a model of corporate and community responsibility. Our motto, "Arms Makers for Responsible Citizens," echoes the importance of these principles as we work hard to deliver quality and innovative firearms.

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, 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 CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	July 2, 2016	December 31, 2015
Assets		
Current Assets		
Cash	\$103,069	\$ 69,225
Trade receivables, net	64,978	71,721
Gross inventories	84,613	81,278
Less LIFO reserve	(43,260)	(42,061)
Less excess and obsolescence reserve	(2,570)	(2,118)
Net inventories	38,783	37,099
Deferred income taxes	10,474	8,219
Prepaid expenses and other current assets	2,508	3,008
Total Current Assets	219,812	189,272
Property, plant and equipment	309,470	308,597
Less allowances for depreciation	(210,631)	(204,777)
Net property, plant and equipment	98,839	103,820
Other assets	25,056	22,791
Total Assets	\$343,707	\$315,883

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

(Dollars in thousands, except per share data)

	July 2, 2016	December 31, 2015
Liabilities and Stockholders' Equity		
Current Liabilities		
Trade accounts payable and accrued expenses	\$ 50,364	\$ 42,991
Product liability	941	642
Employee compensation and benefits	22,975	28,298
Workers' compensation	4,604	5,100
Income taxes payable	185	4,962
Total Current Liabilities	79,069	81,993
Product liability	92	102
Deferred income taxes	9,718	6,050
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		
2016 – 24,034,201 issued,		
18,971,854 outstanding		
2015 – 23,775,766 issued,		
18,713,419 outstanding	24,034	23,776
Additional paid-in capital	25,530	29,591
Retained earnings	269,991	239,098
Less: Treasury stock – at cost		
2016 – 5,062,347 shares		
2015 – 5,062,347 shares	(64,727)	(64,727)
Total Stockholders' Equity	254,828	227,738
Total Liabilities and Stockholders' Equity	\$343,707	\$315,883

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)

(Dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Net firearms sales	\$166,311	\$139,224	\$337,831	\$274,804
Net castings sales	1,633	1,648	3,222	3,023
Total net sales	167,944	140,872	341,053	277,827
Cost of products sold	111,250	92,364	225,246	187,921
Gross profit	56,694	48,508	115,807	89,906
Operating expenses:				
Selling	12,808	14,858	27,882	25,085
General and administrative	7,402	6,957	15,241	14,334
Total operating expenses	20,210	21,815	43,123	39,419
Operating income	36,484	26,693	72,684	50,487
Other income:				
Interest expense, net	(35)	(37)	(70)	(77)
Other income, net	293	617	499	1,086
Total other income, net	258	580	429	1,009
Income before income taxes	36,742	27,273	73,113	51,496
Income taxes	13,227	9,713	26,321	18,433
Net income and comprehensive income	\$ 23,515	\$ 17,560	\$ 46,792	\$ 33,063
Basic earnings per share	\$1.24	\$0.94	\$2.47	\$1.77
Diluted earnings per share	\$1.22	\$0.91	\$2.44	\$1.71
Cash dividends per share	\$0.48	\$0.32	\$0.83	\$0.49

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in thousands)

	Six Months Ended	
	July 2, 2016	June 27, 2015
Operating Activities		
Net income	\$ 46,792	\$ 33,063
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	16,690	17,841
Slow moving inventory valuation adjustment	452	(1,011)
Stock-based compensation	1,373	2,298
Loss (gain) on sale of assets	1	(157)
Deferred income taxes	1,413	(1,176)
Impairment of assets	(10)	12
Changes in operating assets and liabilities:		
Trade receivables	6,743	(4,378)
Inventories	(2,136)	11,511
Trade accounts payable and accrued expenses	6,877	5,925
Employee compensation and benefits	(5,482)	6,881
Product liability	289	(401)
Prepaid expenses, other assets and other liabilities	(2,134)	8,785
Income taxes payable	(4,777)	1,671
Cash provided by operating activities	66,091	80,864
Investing Activities		
Property, plant and equipment additions	(11,334)	(16,259)
Proceeds from sale of assets	3	218
Cash used for investing activities	(11,331)	(16,041)
Financing Activities		
Tax benefit from exercise of stock options and vesting of RSU's	8,825	305
Remittance of taxes withheld from employees related to share-based compensation	(14,001)	(1,000)
Proceeds from exercise of stock options	-	97
Repurchase of common stock	-	(2,841)
Dividends paid	(15,740)	(9,161)
Cash used for financing activities	(20,916)	(12,600)
Increase in cash and cash equivalents	33,844	52,223
Cash and cash equivalents at beginning of period	69,225	8,901
Cash and cash equivalents at end of period	\$103,069	\$ 61,124

Non-GAAP Financial Measure

In an effort to provide investors with additional information regarding its financial results, the Company refers to various United States generally accepted accounting principles (“GAAP”) financial measures and one non-GAAP financial measure, EBITDA, which management believes provides useful information to investors. This non-GAAP financial measure may not be comparable to similarly titled financial measures being disclosed by other companies. In addition, the Company believes that the non-GAAP financial measure should be considered in addition to, and not in lieu of, GAAP financial measures. The Company believes that EBITDA is useful to understanding its operating results and the ongoing performance of its underlying business, as EBITDA provides information on the Company’s ability to meet its capital expenditure and working capital requirements, and is also an indicator of profitability. The Company believes that this reporting provides better transparency and comparability to its operating results. The Company uses both GAAP and non-GAAP financial measures to evaluate the Company’s financial performance.

EBITDA is defined as earnings before interest, taxes, and depreciation and amortization. The Company calculates its EBITDA by adding the amount of interest expense, income tax expense, and depreciation and amortization expenses that have been deducted from net income back into net income, and subtracting the amount of interest income that was included in net income from net income.

Non-GAAP Reconciliation – EBITDA

EBITDA

(Unaudited, dollars in thousands)

	Three Months Ended		Six Months Ended	
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
Net income	\$23,515	\$17,560	\$46,792	\$33,063
Income tax expense	13,227	9,713	26,321	18,433
Depreciation and amortization expense	8,346	8,884	16,690	17,841
Interest expense, net	35	37	70	77
EBITDA	\$45,123	\$36,194	\$89,873	\$69,414



STURM, RUGER & CO., INC.

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FOR IMMEDIATE RELEASE

STURM, RUGER & COMPANY, INC. ANNOUNCES SUCCESSION PLAN

SOUTHPORT, CONNECTICUT, August 2, 2016--Sturm, Ruger & Company, Inc. (NYSE: RGR) today announced that President & Chief Operating Officer Christopher J. Killoy will succeed Michael O. Fifer as Chief Executive Officer upon Mr. Fifer's planned retirement at the next Annual Meeting of Shareholders on May 9, 2017. The Board of Directors also voted to increase the number of Directors to nine and elected Mr. Killoy as a Director of the Company, effective immediately. Mr. Fifer will continue to support the Company as Vice Chairman of the Board of Directors after his retirement.

C. Michael Jacobi, Chairman of the Board of Directors, stated, "We have been actively involved in succession planning at all levels of the Company for many years, and this transition plan comes at a time of strength at Ruger given our excellent management team, strong balance sheet, culture of innovative product development and application of continuous improvement methodologies. Chris is the ideal candidate to become just the fourth CEO in the Company's 67-year history. Chris has a demonstrated track record of success in a wide range of positions at Ruger and other firearm companies over the past 27 years, and he is well qualified to lead our continued growth and development.

Mr. Jacobi continued, “Mike’s leadership over the past 10 years as CEO has been extraordinary. During Mike’s tenure, Ruger’s revenues increased more than four times to \$600 million and its market capitalization increased more than six times to \$1.3 billion, while at the same time driving shareholder returns eight times that of the S&P 500 Index. Mike has led the transformation of the Company’s product line and operations, positioning us as a leader in the firearms industry.”

Mr. Killoy joined the Company in 2003 as Executive Director of Sales and Marketing. He was named Vice President of Sales and Marketing in 2006 and promoted to President & COO in 2014. During this time he led the marketing and sales effort to record revenues and built a talented management team. Prior to joining the Company, Mr. Killoy’s career included duty in the U. S. Army, and several years at General Electric, Smith & Wesson, and Savage Arms in a variety of sales, marketing, and general management positions. Mr. Killoy graduated from the U.S. Military Academy at West Point in 1981.

“I am deeply honored that the Board has selected me to succeed Mike as Ruger’s next CEO”, said Mr. Killoy. “I believe we have the right strategy, the right management team and a bright future. I will work tirelessly to drive our new product development, improve our competitive posture in the marketplace, and focus all parts of our business on enhancing service to our customers.”

Today, the Company filed its Quarterly Report on Form 10-Q. Tomorrow, August 3, 2016, Sturm, Ruger will host a webcast at 9:00 a.m. ET to discuss the second quarter operating results. Interested parties can access the webcast at www.ruger.com/corporate or by dialing [720-634-2919](tel:720-634-2919), participant code [50151643](http://www.ruger.com/corporate).

The Quarterly Report on Form 10-Q is available on the SEC website at www.sec.gov and the Ruger website at www.ruger.com/corporate. Investors are urged to read the complete Quarterly Report on Form 10-Q to ensure that they have adequate information to make informed investment judgments.

About Sturm, Ruger

Sturm, Ruger & Co., Inc. is one of the nation's leading manufacturers of rugged, reliable firearms for the commercial sporting market. As a full-line manufacturer of American-made firearms, Ruger offers consumers over 400 variations of more than 30 product lines. For more than 60 years, Ruger has been a model of corporate and community responsibility. Our motto, "Arms Makers for Responsible Citizens," echoes the importance of these principles as we work hard to deliver quality and innovative firearms.

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, 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.