

**CHARTER OF THE
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF
STURM, RUGER & COMPANY, INC.**

I. Purpose

The Board of Directors (the "Board") of Sturm, Ruger & Company, Inc. (the "Company") has established the Audit Committee of the Board (the "Committee") for the purpose of providing assistance to the Board in fulfilling its responsibility with respect to its oversight of: (i) the quality and integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; and (iv) the performance of the Company's internal audit function and independent auditors. In addition, the Committee shall prepare the report required by Securities and Exchange Commission (the "SEC") rules to be included in the Company's annual proxy statement.

II. Structure and Operations

A. *Composition and Qualifications*

(1) The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be "independent" for such purposes under the rules of the New York Stock Exchange, Inc. (the "NYSE"), including Rules 303A(1), 303A(2), 303A(6) and 303A(7)(a) thereof,¹ Rule 10A-3 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"),²

¹ Under the proposed NYSE rules, "independent" means that the Board has affirmatively determined that the director has no material relationships with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). A director cannot be "independent" if the director (or an immediate family member):

- receives compensation from the Company that exceeds \$100,000 per year (other than director and committee fees, pension or other forms of deferred compensation not contingent on continued service) or compensation from the Company that exceeds \$100,000 per year within the previous five-year period;
- is affiliated with or employed by a present or former auditor of the Company until five years after the end of the affiliation or the auditing relationship;
- is employed as an executive officer of another company where any of the Company's present executives serves on the compensation committee until five years after the end of such service or the employment relationship; or
- is an executive officer or an employee of another company (i) that accounts for the greater of \$1 million or 2% of the Company's consolidated gross revenues, or (ii) for which the Company accounts for the greater of \$1 million or 2% of such other company's consolidated gross revenues, until five years after falling below such threshold.

In addition, the NYSE has proposed rules that heighten the independence standards for members of the Committee, which distinguish between permitted compensation and payments that would taint the independence of a Committee member – disallowed compensation includes fees paid directly or indirectly for services as a consultant or a legal or financial advisor, regardless of the amount.

² Under SEC Rule 10A-3, an "independent" director for purposes of serving on the Committee is one that, except in his or her capacity as a member of the Committee, another Board committee or the Board: (i) does not accept any consulting, advisory or other compensation from the Company (excluding fixed compensation amounts under retirement plans for prior service so long as the compensation is not contingent on continued service) and (ii) is not an "affiliated person" of the Company.

and any other applicable laws, rules or regulations in effect from time to time. No member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and (ii) discloses such determination in the annual proxy statement.

(2) All members of the Committee must have a working familiarity with basic finance and accounting practices as contemplated by NYSE listing standards and SEC rules (or acquire such familiarity within a reasonable period after his or her appointment) and at least one member must be an "audit committee financial expert" for purposes of Item 401(h) of Regulation S-K under the Exchange Act.³ Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or by an outside consultant.

(3) No member of the Committee shall receive compensation other than (i) director's fees for service as a director of the Company, including reasonable compensation for serving on the Committee as well as regular benefits that other directors receive (including equity-based awards) and (ii) a pension or similar compensation for past performance, provided that such compensation is not contingent on continued or future service to the Company.

B. Appointment and Removal

The members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

C. Chairman

³ For purposes of Item 401(h), the term "audit committee financial expert" means a Committee member with the following attributes:

- an understanding of GAAP and financial statements;
- an ability to assess the general application of GAAP in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engage in such activities;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.

An "audit committee financial expert" must have acquired these attributes through:

- education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
- experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
- other relevant experience.

Unless a Chairman is elected by the full Board, the members of the Committee shall designate a Chairman by the majority vote of the Committee. The Chairman shall be entitled to cast a vote to resolve any ties. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

III. Meetings

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. The Committee shall periodically meet separately with each of management, the director of the internal auditing department and the independent auditors to discuss any matters that the Committee or each of these groups believe would be appropriate to discuss privately. The Committee should also meet with the independent auditors and management quarterly to review the Company's financial statements in a manner consistent with that outlined in Article IV of this Charter. When necessary and appropriate, telephone meetings may be held. The presence of a majority of the Committee members will constitute a quorum for the transaction of business.

IV. Duties and Responsibilities

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Article I of this Charter. These functions should serve as a guide. The Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other duties and responsibilities delegated to it by the Board.

The Committee is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. The Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention. The Company shall also provide funding, as determined by the Committee, for payment of ordinary administrative expenses of the Committee.

A. *Documents/Reports Review*

(1) Review with management and the independent auditors prior to public dissemination the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a discussion with the independent auditors of the matters required to be discussed by Statement of Auditing Standards No. 61.

(2) Review and discuss with management and the independent auditors the Company's earnings press releases prior to their release.

B. *Independent Auditors*

(1) Appoint, retain, compensate, evaluate and terminate the Company's independent auditors and approve all audit engagement fees and terms.

(2) Inform any registered public accounting firm performing work for the Company that such firm shall report directly to the Committee.

(3) Oversee the work of any registered public accounting firm employed by the Company, including the resolution of any disagreement between management and the auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or related work.

(4) Approve in advance any significant audit or non-audit engagement or relationship between the Company and the independent auditors (other than "prohibited non-auditing services") in accordance with the Committee's established pre-approval policies and procedures.

(5) Review, at least annually, the qualifications, performance and independence of the independent auditors. In conducting its review and evaluation, the Committee should:

(a) Obtain and review a report by the Company's independent auditor describing: (i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm; and (iii) to assess the auditor's independence, all relationships between the independent auditor and the Company;

(b) Ensure the rotation of the lead audit partner as required by law or regulation, and consider regular rotation of the audit firm; and

(c) Take into account the opinions of management and the Company's internal auditors (or other personnel responsible for the internal audit function).

C. Financial Reporting Process

(1) In periodic consultation with each of the independent auditors, management and the internal auditors, review the integrity of the Company's financial reporting processes, both internal and external.

(2) Review periodically the effect of regulatory and accounting initiatives, as well as off- balance sheet structures, if any, on the financial statements of the Company.

(3) Review with the independent auditor (i) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with the Company's management and (ii) management's responses to such matters.

D. Legal Compliance/General

(1) Discuss with management and the independent auditors the Company's guidelines and policies with respect to risk assessment and risk management.

(2) Ensure the Company complies with the hiring policies for employees or former employees of the independent auditors.

(3) Establish procedures, in accordance with the procedures outlined in the Company's Code of Business Conduct and Ethics, as amended from time to time, for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting

controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

E. Reports

(1) Prepare all reports required to be included in the Company's proxy statement, pursuant to and in accordance with applicable SEC rules and regulations.

(2) Report regularly to the full Board including with respect to any issues that arise as to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.

(3) Maintain minutes of meetings and other activities of the Committee.

V. Reliance on Information Provided

In adopting this Charter, the Board acknowledges that the Committee members are not employees of the Company, and are not providing any expert or special assurance as to the Company's financial statements or any professional certification of the independent auditors' work. Each member of the Committee shall be entitled to rely on the integrity of those persons and organizations within and outside the Company that provide information to the Committee by such persons or organizations, absent actual knowledge to the contrary.

VI. Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of its performance and that of its members, including, but not limited to, a review of the Committee's compliance with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter.