

**CBOE Research Circular #RS12-618**

DATE: November 26, 2012

TO: Permit Holders

RE: **Sturm, Ruger & Company, Inc. ("RGR")
CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND
Ex-Date: December 5, 2012**

From: Scott Speer

Sturm, Ruger & Company, Inc. ("RGR") has declared a special cash dividend of **\$4.50** per share on its outstanding common stock. The special cash dividend has a record date of December 7, 2012 and a payable date of December 21, 2012. **The ex-distribution date will be on Wednesday, December 5, 2012.**

THE FOREGOING DISCUSSION IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE SPECIAL DIVIDEND, PREPARED BY CBOE FOR THE CONVENIENCE OF ITS PERMIT HOLDERS. CBOE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS SUMMARY. PERMIT HOLDERS SHOULD REFER TO THE STURM, RUGER & COMPANY, INC. NEWS RELEASE DATED NOVEMBER 19, 2012, FOR THE AUTHORITATIVE DESCRIPTION OF THE SPECIAL DIVIDEND AND ALL OF ITS TERMS AND CONDITIONS.

Contract Adjustment for the Special Cash Dividend

Pursuant to Article VI, Section 11 and 11A of OCC's By-Laws, all outstanding RGR option series will be adjusted to reflect this special cash dividend as follows: **On Wednesday, December 5, 2012, each RGR series shall be adjusted by decreasing the strike price by \$4.50, the amount of the cash dividend, rounded to the nearest 1/100th.** The option symbols for the adjusted contracts will remain the same. Premiums and strike-price amounts for the adjusted RGR options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1 point of premium or strike price will equal \$100. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On Wednesday, December 5, 2012, trading in RGR series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES					ADJUSTED SERIES*			
RGR	25.00	2012-12-22	C/P	=>	RGR	20.50	2012-12-22	C/P
RGR	30.00	2012-12-22	C/P	=>	RGR	25.50	2012-12-22	C/P
RGR	35.00	2012-12-22	C/P	=>	RGR	30.50	2012-12-22	C/P
RGR	40.00	2012-12-22	C/P	=>	RGR	35.50	2012-12-22	C/P
RGR	45.00	2012-12-22	C/P	=>	RGR	40.50	2012-12-22	C/P
RGR	50.00	2012-12-22	C/P	=>	RGR	45.50	2012-12-22	C/P
RGR	55.00	2012-12-22	C/P	=>	RGR	50.50	2012-12-22	C/P
RGR	60.00	2012-12-22	C/P	=>	RGR	55.50	2012-12-22	C/P
RGR	65.00	2012-12-22	C/P	=>	RGR	60.50	2012-12-22	C/P
RGR	70.00	2012-12-22	C/P	=>	RGR	65.50	2012-12-22	C/P

EXISTING SERIES					ADJUSTED SERIES*				
RGR	17.50	2013-01-19	C/P	=>	RGR	13.00	2013-01-19	C/P	
RGR	20.00	2013-01-19	C/P	=>	RGR	15.50	2013-01-19	C/P	
RGR	22.50	2013-01-19	C/P	=>	RGR	18.00	2013-01-19	C/P	
RGR	25.00	2013-01-19	C/P	=>	RGR	20.50	2013-01-19	C/P	
RGR	30.00	2013-01-19	C/P	=>	RGR	25.50	2013-01-19	C/P	
RGR	35.00	2013-01-19	C/P	=>	RGR	30.50	2013-01-19	C/P	
RGR	40.00	2013-01-19	C/P	=>	RGR	35.50	2013-01-19	C/P	
RGR	45.00	2013-01-19	C/P	=>	RGR	40.50	2013-01-19	C/P	
RGR	50.00	2013-01-19	C/P	=>	RGR	45.50	2013-01-19	C/P	
RGR	55.00	2013-01-19	C/P	=>	RGR	50.50	2013-01-19	C/P	
RGR	60.00	2013-01-19	C/P	=>	RGR	55.50	2013-01-19	C/P	
RGR	65.00	2013-01-19	C/P	=>	RGR	60.50	2013-01-19	C/P	
RGR	70.00	2013-01-19	C/P	=>	RGR	65.50	2013-01-19	C/P	
RGR	75.00	2013-01-19	C/P	=>	RGR	70.50	2013-01-19	C/P	
RGR	22.50	2013-04-20	C/P	=>	RGR	18.00	2013-04-20	C/P	
RGR	25.00	2013-04-20	C/P	=>	RGR	20.50	2013-04-20	C/P	
RGR	30.00	2013-04-20	C/P	=>	RGR	25.50	2013-04-20	C/P	
RGR	35.00	2013-04-20	C/P	=>	RGR	30.50	2013-04-20	C/P	
RGR	40.00	2013-04-20	C/P	=>	RGR	35.50	2013-04-20	C/P	
RGR	45.00	2013-04-20	C/P	=>	RGR	40.50	2013-04-20	C/P	
RGR	50.00	2013-04-20	C/P	=>	RGR	45.50	2013-04-20	C/P	
RGR	55.00	2013-04-20	C/P	=>	RGR	50.50	2013-04-20	C/P	
RGR	60.00	2013-04-20	C/P	=>	RGR	55.50	2013-04-20	C/P	
RGR	65.00	2013-04-20	C/P	=>	RGR	60.50	2013-04-20	C/P	
RGR	70.00	2013-04-20	C/P	=>	RGR	65.50	2013-04-20	C/P	
RGR	75.00	2013-04-20	C/P	=>	RGR	70.50	2013-04-20	C/P	
RGR	25.00	2013-07-20	C/P	=>	RGR	20.50	2013-07-20	C/P	
RGR	30.00	2013-07-20	C/P	=>	RGR	25.50	2013-07-20	C/P	
RGR	35.00	2013-07-20	C/P	=>	RGR	30.50	2013-07-20	C/P	
RGR	40.00	2013-07-20	C/P	=>	RGR	35.50	2013-07-20	C/P	
RGR	45.00	2013-07-20	C/P	=>	RGR	40.50	2013-07-20	C/P	
RGR	50.00	2013-07-20	C/P	=>	RGR	45.50	2013-07-20	C/P	
RGR	55.00	2013-07-20	C/P	=>	RGR	50.50	2013-07-20	C/P	
RGR	60.00	2013-07-20	C/P	=>	RGR	55.50	2013-07-20	C/P	
RGR	65.00	2013-07-20	C/P	=>	RGR	60.50	2013-07-20	C/P	
RGR	70.00	2013-07-20	C/P	=>	RGR	65.50	2013-07-20	C/P	
2014 LEAPS									
RGR	22.50	2014-01-18	C/P	=>	RGR	18.00	2014-01-18	C/P	
RGR	25.00	2014-01-18	C/P	=>	RGR	20.50	2014-01-18	C/P	
RGR	30.00	2014-01-18	C/P	=>	RGR	25.50	2014-01-18	C/P	
RGR	35.00	2014-01-18	C/P	=>	RGR	30.50	2014-01-18	C/P	
RGR	40.00	2014-01-18	C/P	=>	RGR	35.50	2014-01-18	C/P	
RGR	45.00	2014-01-18	C/P	=>	RGR	40.50	2014-01-18	C/P	
RGR	50.00	2014-01-18	C/P	=>	RGR	45.50	2014-01-18	C/P	
RGR	55.00	2014-01-18	C/P	=>	RGR	50.50	2014-01-18	C/P	
RGR	60.00	2014-01-18	C/P	=>	RGR	55.50	2014-01-18	C/P	

EXISTING SERIES					ADJUSTED SERIES*			
2014 LEAPS								
RGR	65.00	2014-01-18	C/P	=>	RGR	60.50	2014-01-18	C/P
RGR	70.00	2014-01-18	C/P	=>	RGR	65.50	2014-01-18	C/P
RGR	75.00	2014-01-18	C/P	=>	RGR	70.50	2014-01-18	C/P
2015 LEAPS								
RGR	25.00	2015-01-17	C/P	=>	RGR	20.50	2015-01-17	C/P
RGR	30.00	2015-01-17	C/P	=>	RGR	25.50	2015-01-17	C/P
RGR	35.00	2015-01-17	C/P	=>	RGR	30.50	2015-01-17	C/P
RGR	40.00	2015-01-17	C/P	=>	RGR	35.50	2015-01-17	C/P
RGR	45.00	2015-01-17	C/P	=>	RGR	40.50	2015-01-17	C/P
RGR	50.00	2015-01-17	C/P	=>	RGR	45.50	2015-01-17	C/P
RGR	55.00	2015-01-17	C/P	=>	RGR	50.50	2015-01-17	C/P
RGR	60.00	2015-01-17	C/P	=>	RGR	55.50	2015-01-17	C/P
RGR	65.00	2015-01-17	C/P	=>	RGR	60.50	2015-01-17	C/P
RGR	70.00	2015-01-17	C/P	=>	RGR	65.50	2015-01-17	C/P

* Any additional RGR series that are added prior to the ex-date will also be adjusted in the manner described above.

GTC Order Conversion

On Tuesday, December 4, 2012, immediately after the CBOE close, the system will convert or cancel all resting orders in the RGR order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustment. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this cash distribution will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

<http://www.cboe.com/ContractAdjustments>