

**NATIONAL PRESTO INDUSTRIES, INC.  
AUDIT COMMITTEE CHARTER**

**I. ORGANIZATION**

**A. Membership.** The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of National Presto Industries, Inc. (the “Company”) will at all times consist of at least three directors appointed by the Board of the Company, each member to serve until his or her successor is duly elected, or until his or her earlier death, resignation or removal by the Board.

**B. Qualifications.**

**(1) Financial Literacy.** All members of the Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must be able to become financially literate within a reasonable period after his or her appointment to the Committee. At least one member of the Committee must have accounting, finance or related financial management expertise or experience, or related professional degree or certification.

**(2) Independence.** All members of the Committee must be independent directors and free of any relationship with the Company that may interfere with the exercise of their independence from management and the Company (within the meaning of the applicable rules of the New York Stock Exchange (“NYSE”)).

**(3) Service on Other Audit Committees.** No member of the Committee shall serve on the audit committee of more than two other public companies at the same time as he or she serves on this Committee, unless the Board specifically determines that it would not impair the ability of an existing or prospective Committee member to serve effectively on this Committee.

**(4) Miscellaneous.** All members and prospective members must respond to such reasonable inquiries as the Board deems appropriate to ascertain the qualifications of a member or a prospective member of the Committee. Compliance with the qualification requirements of this Audit Committee Charter shall be affirmatively determined by the Board in its sole business judgment and in accordance with applicable laws, rules and regulations in effect from time to time.

**C. Meetings.**

**(1) Frequency.** The Committee shall meet in person or telephonically at least four times during each fiscal year of the Company, or as frequently as the Committee deems, in its reasonable judgment, to be appropriate during any fiscal year. At each regularly scheduled meeting, the Committee shall meet separately and privately with management, internal auditors (or other personnel responsible for the internal audit function), and the independent auditor.

**(2) Agenda and Notice.** The Chief Financial Officer (non-voting attendee) and the Chairman of the Committee shall establish the meeting dates and the meeting agenda and send proper notice of each Committee meeting to each member prior to each meeting.

**(3) Chair.** The Board shall designate a Chair of the Committee.

**D. Funding.** The Company shall provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, compensation to any advisers employed by the Committee under III(B)(12) below and ordinary administrative expenses of the Committee that are necessary or appropriate to carrying out its duties.

**II. STATEMENT OF POLICY AND PURPOSE**

The Committee shall assist the Board in fulfilling the oversight responsibilities of the Board relating to: (1) the integrity of the Company’s financial statements, (2) the Company’s compliance with legal and regulatory requirements, (3) the independent auditor’s qualifications and independence, and (4) the performance of the Company’s internal audit function and independent auditors. In addition, the Committee shall prepare a report as required by the Securities and Exchange Commission (“SEC”) to be included in the Company’s annual proxy statement.

While the Committee has the duties and responsibilities set forth in this Audit Committee Charter, the role of the Committee is oversight. The Committee is not responsible for planning or conducting the Company's financial statements audit and related attestation of the Company's internal controls or determining whether the Company's financial statements are complete and accurate or in accordance with applicable accounting rules and securities laws. Such activities are the responsibility of management and the Company's independent auditors. The Committee does not itself prepare financial statements or perform audits or auditing services, and its members are not auditors, certifiers of the Company's financial statements or guarantors of the Company's independent auditors' reports. It is not the duty or responsibility of the Committee to insure that the Company complies with all laws and regulations. Each member of the Committee shall be entitled to rely on (a) the integrity of those persons and organizations within and outside of the Company from which it receives information, (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board), and (c) representations made by management as to any audit and non-audit services provided by the independent auditors to the Company.

### III. RESPONSIBILITIES

**A. General Responsibilities.** The general responsibilities of the Committee include the following:

**(1) Accounting Principles.** Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of any material control deficiencies.

**(2) Financial Analyses.** Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

**(3) Effect of Initiatives.** Review the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, on the financial statements of the Company.

**B. Specific Responsibilities.** The specific responsibilities of the Committee include the following:

**(1) Appointment and Oversight.** Appoint, compensate, retain and oversee the independent auditor engaged for the purpose of preparing or issuing an audit report and performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Committee. If the Committee so determines in its sole discretion, or if required by the Company's Articles of Incorporation or Bylaws, the selection of the independent auditor shall be submitted for ratification by the Company's shareholders.

**(2) Independent Auditor Evaluation.** No less than annually (including at the time it appoints the independent auditor), evaluate the independent auditor's qualifications, performance and independence. This evaluation shall include the review and evaluation of the lead partner of the independent auditor firm. In making its evaluation, the Committee shall take into account the opinions of management and the Company's internal auditors. The Committee shall report its findings to the Board.

**(3) Approval of Independent Auditor Services.** The Committee must review and, in its sole discretion, pre-approve the independent auditors' annual engagement letter and all audit, audit-related, tax and other permissible services proposed to be provided by the independent auditor in accordance with the applicable NYSE listing standards and SEC rules, and the fees for such services.

**(4) Partner Rotation.** The Committee shall establish a policy regarding the rotation of the lead partner and concurring and reviewing partners in accordance with applicable SEC regulations.

**(5) Review of Independent Auditor Report.** At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the 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 any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company.

**(6) Discussion and Review of Financial Statements.** Discuss and review the Company's annual audited financial statements and quarterly financial statements (including footnotes) with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" prior to their being filed with the SEC. In conjunction with its discussion of the Company's annual audited financial statements and quarterly financial statements, the independent auditor will review with the Committee any problems or restrictions on the scope of the independent auditor's activities, its access to information, or any significant disagreements with management and management's responses to such matters. Management shall notify the Committee when it seeks a second opinion on a significant accounting issue. The Committee shall be responsible for the resolution of any disagreements between management and the independent auditor regarding financial reporting.

**(7) Discussion and Review of News Releases.** Discuss and review the general content of information to be included in the Company's earnings news releases, as well as any financial information and earnings guidance provided to analysts and rating agencies.

**(8) Discussion of Risk Assessment and Management.** Discuss the Company's major financial and other risk exposures and the steps that management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

**(9) Independent Auditor Employment Policies.** Set clear hiring policies for the Company of current employees or former employees of the independent auditor.

**(10) Reporting to Board.** Report regularly to the Board and review any issues that may arise from the oversight function.

**(11) Complaints.** Establish procedures for the receipt, retention, and treatment of any complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and any confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**(12) Authority to Engage Advisers.** Engage independent consultants, counsel and other advisers, as it determines necessary to carry out its duties. The Committee will have sole authority and responsibility for hiring, approving the fees and retention terms for, and terminating the services of, such advisers.

**(13) Committee Evaluation.** Prepare an annual performance evaluation of the Committee. As part of this evaluation, the Committee shall also review the Audit Committee Charter.

This Audit Committee Charter was approved by the Board of the Company on May 17, 2000, and amended in May 2001 and August 2004.