

The Aetna Casualty and Surety Company  
The Standard Fire Insurance Company  
Hartford, Connecticut 06115



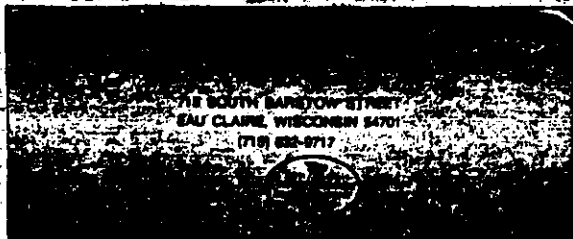
NATIONAL PRESTO INDUSTRIES, INC.

UMBRELLA LIABILITY POLICY 37 XS 02505 SCA

POLICY PERIOD: 6/1/77 - 3/1/78

*Replaced 3/1/78*  
*Replaced Policy 37XS*  
*6/1/77 - 3/1/78*

Insurance planned for your protection by





Section I—DECLARATIONS  
 These DECLARATIONS and the  
 General Provisions and Endorse-  
 ments complete this

THE AETNA CASUALTY AND SURETY COMPANY  
 Hartford, Connecticut 06115

**EXCESS INDEMNITY (UMBRELLA) POLICY**

For

NAMED INSURED ▶

**NATIONAL PRESTO INDUSTRIES, INC.**  
 NORTH HASTINGS WAY  
 EAU CLAIRE, WISCONSIN 54701

(Show Number and Street or RFD, City, County, State and Zip Code)

POLICY NUMBER (Office Code—Symbol—Serial No.—Suffix)  
**37 XS 02505 SCA**

POLICY PERIOD  
 From **6-1-77** to **3-1-78** 12:01 A.M.  
 Standard Time at the address of the named insured  
 as stated herein, and for successive  
 periods as provided in Section 6.11.

AUDIT PERIOD  
 Annual, unless otherwise stated:

THE NAMED INSURED IS  Individual  Partnership  Corporation  
 Joint Venture  Other:

BUSINESS OF NAMED INSURED  
**MANUFACTURER**

PART	COVERAGE	LIMITS OF LIABILITY			PREMIUM BASIS	RATES	ADVANCE PREMIUM
		Each Occurrence	Aggregate Annual	Retained Limit	<input type="checkbox"/> Flat Charge		
XS	Excess Indemnity	\$ 10,000,000	\$ 10,000,000	\$ 100,000	<input checked="" type="checkbox"/> Sales	per \$1,000	\$ 117,900 MIN.
					<input type="checkbox"/> Contract Cost	per \$1,000	

ENDORSEMENTS MADE PART OF THIS POLICY (designated by Endorsement number)

SPECIAL NO. 1, SPECIAL NO. 2, SPECIAL NO. 3, XS-T-153

Minimum ~~55000~~ Premium \$ 117,900 FOR POLICY PERIOD

PAYMENT METHOD

1 Year Policy Total Adv. Premium ▶	\$ 117,900 MIN.
Deposit Premium ▶	\$
3 Year Prepaid Total Adv. Premium ▶	\$
3 Year Policy installments	
1 Year Policy Total Advance Premium ▶	\$
1st Anniversary ▶	\$
2nd Anniversary ▶	\$
TBD Means "To Be Determined"	

**Schedule of Underlying Insurance**

Policy Number	Description	Insurer	Limits of Liability or Amount of Insurance
	SEE ATTACHED SCHEDULE		

Date \_\_\_\_\_

Countersigned by *Richard L. [Signature]*

# CONTENTS

Section	Title	Section	Title
1	Declarations	5.7	Insured
2	Insuring Agreements	5.8	Named Insured
2.1	Coverage	5.9	Named Insured's Products
2.2	Exclusions	5.10	Occurrence
(a)	Workmen's Compensation Obligation	5.11	Personal Injury
(b)	Assumption of Pre-Existing Liability	5.12	Products Hazard
(c)	Certain Aircraft & Watercraft	5.13	Property Damage
(d)	Certain Property (Including Named Insured's Products, Work Performed by Named Insured)	5.14	Ultimate Net Loss
(e)	Failure to Perform	6	Conditions
(f)	Recall Expenses	6.1	Premium
(g)	Certain Advertising Offenses	6.2	Audit
(h)	Nuclear Energy Liability	6.3	Insured's Duties in the Event of Occurrence, Claim or Suit
2.3	Defense of Suits Not Covered by Other Insurance	6.4	Appeals
(a)	Defense Obligation	6.5	When Loss Payable
(b)	Supplementary Payments	6.6	Action Against Company
3	Persons Insured	6.7	Other Insurance
4	Limits of Liability	6.8	Subrogation
5	Definitions	6.9	Changes
5.1	Advertising Offense	6.10	Assignment
5.2	Aircraft	6.11	Policy Period; Termination; Cancellation
5.3	Applicable Underlying Limit	6.12	Maintenance of Underlying Insurance
5.4	Automobile	6.13	Representations
5.5	Completed Operations Hazard		
5.6	Damages		

---

## DESCRIPTION OF TERMS USED AS PREMIUM BASES:

---

When used as a premium basis:

1. "contract cost" means the total cost to the **named insured** of all work let or sub-let in connection with each specific project, including the cost of all labor, materials and equipment furnished, used or delivered for use in the execution of such work, whether furnished by the owner, contractor or the sub-contractor, including all fees, allowances, bonuses or commissions made, paid or due.
2. "sales" means the gross amount of money charged by the **named insured** or by others trading under his name for all goods and products sold or distributed during the policy year and charged during the policy year for installation, servicing or repair, and includes taxes, other than taxes for which the **named insured** and such others collect as a separate item and remit directly to a governmental division.
3. "remuneration" means the entire remuneration earned during the policy year by proprietors and by all employees of the **named insured**.

[Handwritten Signature]



# EXCESS INDEMNITY (UMBRELLA) POLICY

General Provisions

XS  
PART

## THE AETNA CASUALTY AND SURETY COMPANY

Hartford, Connecticut 06115

(A stock insurance company, herein called the **company**)

In consideration of the payment of the premium, in reliance upon the statements in Section 1 made a part hereof and subject to all of the terms of this policy, agrees with the **named insured** as follows:

### Section 2. INSURING AGREEMENTS

- 2.1 **COVERAGE.** The **company** will indemnify the **insured** for **ultimate net loss** in excess of the **applicable underlying limit** which the **insured** shall become legally obligated to pay as damages because of
- A. **Personal Injury,**
  - B. **Property Damage, or**
  - C. **Advertising Offense**
- to which this policy applies, caused by an **occurrence** anywhere in the world, provided that:
- 2.2 **EXCLUSIONS. This policy does not apply:**
- (a) to any obligation for which the **insured** or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;
  - (b) to **personal injury, property damage or advertising offense** for which the **insured** has assumed liability under any contract or agreement, if such **personal injury, property damage or advertising offense** occurred prior to the time such contract or agreement became effective;
  - (c) to **personal injury or property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of
    - (i) any watercraft over fifty feet in length, or
    - (ii) any **aircraft**,if such watercraft or **aircraft** is owned or chartered without crew by or on behalf of any **insured**, or if such watercraft or **aircraft** is being operated by any person in the course of his employment by any **insured** and is owned by such person; but this exclusion does not apply to (1) watercraft while ashore on premises owned by, rented to or controlled by any **insured**, or (2) liability assumed by any **insured** under any contract or agreement;
  - (d) to **personal injury or property damage** arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental; or to **personal injury** sustained by an employee of the **named insured** arising out of and in the course of his employment;
  - (e) to **property damage**
    - (1) to any property rented to, used or occupied by or in the care, custody or control of the **insured**,
      - (i) to the extent that the **insured** has agreed to provide insurance therefor; or
      - (ii) if such property is owned by any person or organization controlling or coming under the control of the **insured**;
    - (2) to that particular part of any property, not on premises owned by or rented to the **insured**,
      - (a) upon which operations are being performed by or on behalf of the **insured** at the time of the **property damage** arising out of such operations, or
      - (b) out of which any **property damage** arises, or
      - (c) the restoration, repair or replacement of which has been made or is necessary by reason of faulty workmanship thereon by or on behalf of the **insured**;
    - (3) to the **named insured's products** arising out of such products or any part of such products, if such **property damage** occurs away from premises owned by or rented to the **named insured** and after physical possession of such products has been relinquished to others;
  - (4) to work performed by or on behalf of the **named insured** arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith, if such **property damage** occurs after such work has been completed or abandoned and occurs away from premises owned by or rented to the **named insured**;
  - (f) to loss of use of tangible property which has not been physically injured or destroyed resulting from
    - (1) a delay in or lack of performance by or on behalf of the **named insured** of any contract or agreement, or
    - (2) the failure of the **named insured's products** or work performed by or on behalf of the **named insured** to meet the level of performance, quality, fitness or durability warranted or represented by the **named insured**;but this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the **named insured's products** or work performed by or on behalf of the **named insured** after such products or work have been put to use by any person or organization other than an **insured**;
  - (g) to damages claimed for the withdrawal, inspection, repair, replacement, or loss of use of the **named insured's products** or work completed by or for the **named insured** or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;
  - (h) to **advertising offense** arising out of
    - (1) failure of performance of contract, other than the unauthorized appropriation of ideas based upon alleged breach of implied contract;
    - (2) infringement of trademark, service mark or trade name, other than titles or slogans, by use thereof on or in connection with goods, products or services sold, offered for sale or advertised; or
    - (3) incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised;
  - (i) to **personal injury or property damage**
    - (1) with respect to which an **insured** under this policy is also an **insured** under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an **insured** under any such policy but for its termination upon exhaustion of its limit of liability;
    - (2) resulting from the **hazardous properties of nuclear material** and with respect to which
      - (i) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or
      - (ii) the **insured** is, or had this policy not been

issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or

- (3) resulting from the **hazardous properties of nuclear material**, if
- (i) the **nuclear material** (a) is at any **nuclear facility** owned by, or operated by or on behalf of, an **insured** or (b) has been discharged or dispersed therefrom;
  - (ii) the **nuclear material** is contained in **spent fuel** or **waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **insured**; or
  - (iii) the **personal injury** or **property damage** arises out of the furnishing by an **insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **nuclear facility**, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (iii) applies only to **property damage** to such **nuclear facility** and any property thereat.

As used in this exclusion (h):

**"hazardous properties"** include radioactive, toxic or explosive properties;

**"nuclear material"** means **source material**, **special nuclear material** or **byproduct material**;

**"source material"**, **"special nuclear material"**, and **"byproduct material"** have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

**"spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**;

**"waste"** means any waste material (1) containing **byproduct material** and (2) resulting from the operation by any person or organization of any **nuclear facility** included within the definition of **nuclear facility** under paragraph (a) or (b) thereof.

**"nuclear facility"** means

- (a) any **nuclear reactor**,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **spent fuel**, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of **special nuclear material** if at any time the total amount of such material in the custody of the **insured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place

prepared or used for the storage or disposal of **waste**,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

**"nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

**"property damage"** includes all forms of radioactive contamination of property.

### 2.3 DEFENSE OF SUITS NOT COVERED BY OTHER INSURANCE

(a) The **company** shall defend any suit seeking damages which are not payable on behalf of the **insured** under the terms of the policies of Underlying Insurance described in Section 1 or any other available insurance

(1) because such damages are not covered hereunder, or

(2) because of exhaustion of an underlying aggregate limit of liability by payment of claims,

but which are payable under the terms of Section 2.1 (including damages wholly or partly within the amount of the Retained Limit specified in Section 1), even if any of the allegations of the suit are groundless, false or fraudulent; but the **company** may make such investigation and settlement of any claim or suit as it deems expedient. The **insured** shall promptly reimburse the **company** for any amount of **ultimate net loss** within the Retained Limit specified in Section 1 paid because of such claim or suit.

In any jurisdiction where the **company** may be prevented by law or otherwise from carrying out this agreement, the **company** shall pay any expense for such defense incurred with its consent.

(b) The **company** will pay with respect to any suit defended under Section 2.3(a) in addition to the amount of **ultimate net loss** payable:

(1) all expenses incurred by the **company**, all costs taxed against the **insured** in any such suit and all interest on the entire amount of any judgment therein which accrues after the entry of the judgment and before the **company** has paid or tendered or deposited in court that part of the judgment which does not exceed the amount of the **company's** liability thereon;

(2) premiums on appeal bonds required in any such suit and premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy, but the **company** shall have no obligation to apply for or furnish any such bonds;

(3) reasonable expenses incurred by the **insured** at the **company's** request in assisting the **company** in the investigation or defense of any claim or suit, including actual loss of earnings not to exceed \$50 per day.

## Section 3. PERSONS INSURED

3.1 Each of the following is an **insured** under this policy to the extent set forth below:

- (a) if the **named insured** is designated in Section 1 as an individual, the person so designated and his spouse, if a resident of the same household, but only with respect to the conduct of a business of which he is the sole proprietor;
- (b) if the **named insured** is designated in Section 1 as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;
- (c) if the **named insured** is designated in Section 1 as other than an individual, partnership or joint venture, the organization so designated;
- (d) except with respect to the ownership, maintenance or use, including loading and unloading, of any **automobile** or **aircraft**, (1) any executive officer, other employee, director or stockholder of the **named insured** while acting within the scope of his

duties as such, and (2) any person or organization while acting as real estate manager for the **named insured**;

(e) with respect to the ownership, maintenance or use, including loading and unloading, of any **automobile**

(1) owned by, loaned to or hired for use by or on behalf of the **named insured**, any person while using such **automobile** and any person or organization legally responsible for the use thereof, provided its actual use is with the permission of the **named insured**;

(2) not owned by, loaned to or hired for use by or on behalf of the **named insured**, any executive officer, director or stockholder of the **named insured**, but only while such **automobile** is being used in the business of the **named insured**;

but none of the following shall be an **insured** under this paragraph (e):

(i) any person while employed in or otherwise engaged in duties in connection with an **automobile**

- hile sales agency, repair shop, service station, storage garage or public parking place not operated by the **named insured**;
- (ii) the owner or lessee (of whom the **named insured** is sub-lessee) of any **automobile** hired for use by or on behalf of or loaned to the **named insured**, and any agent or employee of such owner or lessee;
- (f) with respect to any **aircraft** chartered with crew by or on behalf of the **named insured**, any person using such **aircraft** and any person legally responsible for the use thereof, except
- (1) the owner or crew thereof or any other person operating the **aircraft**, or
  - (2) any manufacturer of **aircraft**, engines or aviation accessories, or any aviation sales, service or repair organization or airport or hangar operator, or any employee thereof;
- (g) any person or organization for whom the **named insured** has agreed in writing to provide insurance such as is afforded by this policy, but only with

respect to operations performed by the **named insured** or facilities owned or used by the **named insured** and subject to the **applicable underlying limit** for the **named insured** with respect to such operations or facilities;

- (h) any other person or organization who is an insured under any policy of Underlying Insurance listed in Section 1, subject to all the limitations upon coverage under such policy other than the limits of the underlying insurer's liability.

This policy does not apply to **personal injury, property damage or advertising offense** arising out of the conduct of any partnership or joint venture of which the insured is a partner or member and which is not designated in Section 1 as a **named insured** or to any person while engaged in the business of his employer, with respect to **personal injury** to any fellow employee of such person injured in the course of his employment, except with respect to injury for which liability insurance is afforded to such person by a policy of Underlying Insurance.

#### Section 4. LIMITS OF LIABILITY

- 4.1 Regardless of the number of (1) **insureds** under this policy, (2) persons or organizations who sustain injury or damage, or (3) claims made or suits brought on account of **personal injury, property damage or advertising offense**, the **company's** liability for **ultimate net loss**, including **ultimate net loss** for care and loss of services, resulting from any one **occurrence** shall be limited to the amount stated in Section 1 as applicable to "each **occurrence**"; provided, however, that the **company's** liability shall be further limited to the amount stated in Section 1 as "aggregate annual" with respect to all **ultimate net loss**, including **ultimate net loss** for care and loss of services, because of **personal injury**

or **property damage** which occurs during each annual period while this policy is in force commencing from its effective date, and arises out of (1) the **products hazard** or the completed **operations hazard** or (2) occupational disease of employees of the **insured**, such aggregate limit to apply separately to (1) and (2).

For the purpose of determining the limit of the **company's** liability, all **personal injury, property damage and advertising offense** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

#### Section 5. DEFINITIONS

- 5.1 "**advertising offense**" means injury occurring in the course of the **named insured's** advertising activities, if such injury arises out of libel, slander, defamation, violation of right of privacy, piracy, unfair competition, or infringement of copyright, title or slogan (other than a patent);
- 5.2 "**aircraft**" means any heavier than air or lighter than air aircraft designed to transport persons or property;
- 5.3 "**applicable underlying limit**" means
- (a) the amount of the applicable limits of liability of the policies of Underlying Insurance as stated in Section 1 or any other available insurance, or the amount stated in Section 1 as the Retained Limit, whichever is the greater, less the amount or amounts, if any, by which any aggregate limit so stated has been reduced solely by payment of claims in respect of **personal injury, property damage or advertising offense**, or
  - (b) if the insurance afforded by such policies of Underlying Insurance is inapplicable to the **occurrence**, the amount stated in Section 1 as the Retained Limit; provided that the limits of liability of any such policy of Underlying Insurance shall be deemed applicable irrespective of (1) any defense which the underlying insurer may assert because of the **insured's** failure to comply with any condition of the policy or (2) the inability of the underlying insurer to pay by reason of bankruptcy or insolvency.
- 5.4 "**automobile**" means a land motor vehicle, trailer or semi-trailer;
- 5.5 "**completed operations hazard**" includes **personal injury** and **property damage** arising out of operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the **personal injury** or **property damage** occurs after such operations have been completed or abandoned and occurs away from premises owned by or rented to the **named insured**. "Operations" include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

- (1) when all operations to be performed by or on behalf of the **named insured** under the contract have been completed,
- (2) when all operations to be performed by or on behalf of the **named insured** at the site of the operations have been completed, or
- (3) when the portion of the work out of which the injury or damages arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

The **completed operations hazard** does not include **personal injury** or **property damage** arising out of

- (a) operations in connection with the transportation of property, unless the **personal injury** or **property damage** arises out of a condition in or on a vehicle created by the loading or unloading thereof, or
- (b) the existence of tools, uninstalled equipment or abandoned or unused materials;

- 5.6 "**insured**" means any person or organization qualifying as an **insured** in Section 3. The insurance afforded applies separately to each **insured** against whom claim is made or suit is brought, except with respect to the limits of the company's liability;
- 5.7 "**named insured**" means the person or organization named in Section 1 and any subsidiary thereof, and includes any other organization coming under the **named insured's** control of which it assumes active management, if written notice thereof is given the company promptly thereafter stating when not more than 30 days prior to the date of such notice, the insurance for such other organization is to commence;
- 5.8 "**named insured's products**" means goods or products manufactured, sold, handled or distributed by the

named insured or by others trading under his name, including any container thereof (other than a vehicle), but "named insured's products" shall not include a vending machine or any property other than such container, rented to or located for use of others but not sold;

5.9 "occurrence" means an accident, including continuous or repeated exposure to conditions, which results in **personal injury, property damage or advertising offense** which is neither expected nor intended from the standpoint of the **insured**;

5.10 "personal injury" means bodily injury, shock, mental anguish, sickness or disease, including death at any time resulting therefrom; injury arising out of false arrest, detention or imprisonment, malicious prosecution, wrongful entry or eviction or other invasion of the right of private occupancy, humiliation or racial or religious discrimination (unless committed by or at the direction of the **insured**, or unless insurance therefor is prohibited by law); and, except with respect to injury occurring in the course of the **named insured's** advertising activities, injury arising out of the publication or utterance of a libel or slander or of other defamatory or disparaging material, or a publication or

utterance in violation of an individual's right of privacy;

5.11 "products hazard" includes **personal injury and property damage** arising out of the **named insured's products** or reliance upon a representation or warranty made at any time with respect thereto, but only if the **personal injury or property damage** occurs away from premises owned by or rented to the named insured and after physical possession of such products has been relinquished to others;

5.12 "property damage" means (1) physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an **occurrence** during the policy period;

5.13 "ultimate net loss" means the sum actually paid or payable in cash in the settlement or satisfaction of any claim or suit for which the **insured** is liable either by adjudication or settlement with the written consent of the **company**, after making proper deduction for all recoveries and salvages collectible.

## Section 6. CONDITIONS

6.1 **Premium.** If the premium is stated in Section 1 as a flat charge, such premium is applicable to the first policy period. If the premium is stated in Section 1 as other than a flat charge, such premium is an advance premium only and earned premium shall be computed at the end of each annual period during which the policy is in force at the rate applicable thereto, subject to the "Minimum Annual Premium" stated in Section 1. Appropriate additional premium shall be payable with respect to any additional **named insured** and any person or organization who becomes an **insured** under the provisions of 3.1(g) or 3.1(h). The premium and rate for each successive policy period shall be indicated in a written notice sent to the **named insured** and the premium shall become due on the date stated in such notice.

6.2 **Inspection and Audit.** The **company** shall be permitted but not obligated to inspect the **named insured's** property and operations at any time. Neither the **company's** right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the **named insured** or others, to determine or warrant that such property or operations are safe, or healthful, or are in compliance with any law, rule or regulation.

The **company** may examine and audit the **insured's** books and records at any time while this policy is in force and within three years after the final termination of this policy or within one year after final settlement of all claims arising out of any **occurrence** during the policy term, as far as they relate to the subject matter of this policy.

6.3 **Insured's Duties in the Event of Occurrence, Claim or Suit.**

(a) **Notice of Occurrence.** Upon the happening of any **occurrence** reasonably likely to involve any of the coverages of this policy, written notice containing particulars sufficient to identify the **insured** and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the **insured** to the **company** or any of its authorized agents as soon as practicable.

(b) **Claim or Suit.** When in the judgment of the **company** an **occurrence** may involve damages in excess of the **applicable underlying limit**, the **company** may elect at any time to participate with the **insured** and the underlying insurers in the investigation, settlement and defense of all claims and suits in connection therewith. In such event the **insured** and the **company** shall cooperate fully.

(c) **Assistance and Cooperation.** The **insured** shall cooperate with the underlying insurers as required by the terms of the policies of Underlying Insurance and comply with all the terms and conditions there-

of, and shall enforce any right of contribution or indemnity against any person or organization who may be liable to the **insured** because of **personal injury, property damage or advertising offense** with respect to which insurance is afforded under this policy or the policies of Underlying Insurance.

6.4 **Appeals.** In the event the **insured** or any underlying insurer elects not to appeal a judgment which exceeds the **applicable underlying limit**, the **company** may elect to do so. The **company** shall be liable, in addition to the applicable limit of liability for all costs, taxes, expenses incurred and interest on judgments incidental to such an appeal and for all such costs, expenses and interest on appeals made in connection with the obligation to defend the **insured** under Section 2.3.

6.5 **When Loss Payable.** The **company's** liability under this policy for **ultimate net loss** with respect to any **occurrence** shall not attach until the amount of the **applicable underlying limit** has been paid by or on behalf of the **insured** on account of such **occurrence**. The **insured** shall make claim for any loss under this policy as soon as practicable after

(a) the **insured** shall have paid **ultimate net loss** in excess of the **applicable underlying limit** with respect to any **occurrence** or

(b) the **insured's** obligation to pay such amounts shall have been finally determined either by judgment against the **insured** after actual trial or by written agreement of the **insured**, the claimant and the **company**.

Claim for any subsequent payments made by the **insured** on account of the same **occurrence** shall be similarly made. All losses covered by this policy shall be due and payable by the **company** within thirty days after they are respectively claimed and proven in accordance with the terms of this policy.

6.6 **Action Against Company.** No action shall lie against the **company** unless, as a condition precedent thereto, the **insured** shall have fully complied with all the terms of this policy, nor until the amount of the **insured's** obligation to pay shall have been finally determined either by judgment against the **insured** after actual trial or by written agreement of the **insured**, the claimant and the **company**.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the **company** as a party to any action against the **insured** to determine the **insurer's** liability, nor shall the **company** be impleaded by the **insured** or his legal representative. Bankruptcy or

insolvency of the insured or of the insured's estate shall relieve the company of any of its obligations hereunder.

- 6.7 **Other Insurance.** The insurance afforded by this policy shall be excess insurance over any other valid and collectible insurance available to the insured and applicable to any part of ultimate net loss, whether such other insurance is stated to be primary, contributing, excess, contingent or otherwise, unless such other insurance specifically applies as excess insurance over the limits of liability provided in this policy.
- 6.8 **Subrogation.** In the event of any payment under this policy, the company shall participate with the insured and any underlying insurer in the exercise of all the insured's rights of recovery against any person or organization liable therefor. Recoveries shall be applied first to reimburse any interest (including the insured) that may have paid any amount, with respect to liability in excess of the limit of the company's liability hereunder; then to reimburse the company up to the amount paid hereunder; and lastly to reimburse such interests (including the insured), as to which this insurance is excess, as are entitled to claim the residue, if any; but a different apportionment may be made to effect settlement of a claim by agreement signed by all interests. Reasonable expenses incurred in the exercise of rights of recovery shall be apportioned among all interests in the ratio of their respective losses for which recovery is sought.
- 9 **Changes.** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the company from asserting any rights under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.
- 6.10 **Assignment.** Assignment of interest under this policy shall not bind the company until its consent is endorsed hereon. If, however, the insured shall die or be adjudged bankrupt or insolvent while this policy is in force, this policy, unless cancelled, shall cover the insured's legal representative, as insured, but only while acting within the scope of his duties as such.
- 6.11 **Policy Period; Termination; Cancellation.** This policy applies only to personal injury or advertising offense which occurs during the policy period and, with respect to property damage, only as set forth in the definition of property damage. The policy period shall be from the effective date to the expiration date as stated in Section 1, and such successive periods for which the required premium has been paid. If such premium is not paid when due, the policy shall terminate at the end of the last period for which premium has been

paid.

This policy may be cancelled by the named insured by mailing to the company written notice stating when thereafter the cancellation shall be effective.

This policy may be cancelled by the company by mailing to the named insured written notice stating when not less than thirty days thereafter such cancellation shall be effective. A registered or certified mail receipt or other evidence that such notice was received at the address of the named insured shown in Section 1 shall be sufficient proof of notice by the company. If the named insured cancels, earned premium shall be computed in accordance with the company's short rate table and procedure. If the company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation become effective, but payment or tender of unearned premium is not a condition of cancellation.

- 6.12 **Maintenance of Underlying Insurance.** Insurance as afforded by each policy of Underlying Insurance described in Section 1 shall be maintained in full effect during the currency of this policy, except for any reduction of the aggregate limit or limits contained therein solely by payment of claims in respect of personal injury, property damage or advertising offense.

The named insured shall renew each policy of Underlying Insurance described in Section 1 with the same limit or limits of liability (including any aggregate limit or limits of liability) for at least amounts equal to the expiring limit or limits of liability.

Failure of the named insured to comply with either or both of the foregoing sentences shall not invalidate this policy but in the event of such failure the company shall be obligated under this policy only to the extent that it would have been obligated had the named insured complied therewith. Upon notice that any aggregate limit of liability under any policy of underlying insurance has been exhausted, the named insured shall immediately make all reasonable efforts to reinstate such limits. The named insured shall give the company written notice as soon as practicable of any change in the scope of coverage or in the amount or limits of insurance under any policy of Underlying Insurance, and of the termination of any coverage or exhaustion of aggregate limits of any underlying insurer's liability.

- 6.13 **Representations.** By acceptance of this policy the named insured agrees that the statements in Section 1 and in any subsequent notice relating to Underlying Insurance, which are offered as an inducement to the company to issue and continue this policy, are its agreements and representations, that this policy is issued and continued in reliance upon the truth of such representations and that this policy embodies all agreements existing between the named insured and the company or any of its agents relating to this insurance.

IN WITNESS WHEREOF, The Aetna Casualty and Surety Company has caused this policy to be signed by its President and a Secretary at Hartford, Connecticut and countersigned on the declarations page by a duly authorized agent of the company.

*Howard A. Moore*

Secretary

*Donald M. Johnson*

President



SCHEDULE OF UNDERLYING INSURANCE

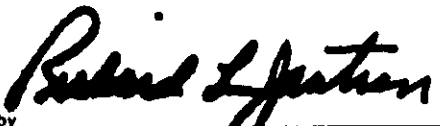
<u>POLICY NUMBER</u>	<u>DESCRIPTION</u>	<u>INSURER</u>	<u>LIMITS OF LIABILITY OR AMOUNT OF INSURANCE</u>
011600080355	WORK. COMP. & EMPLOYERS LIABILITY	EMPLOYERS INSURANCE OF WAUSAU	
37 AL 192812 SRA	COMPREHENSIVE GENERAL LIABILITY	AETNA CASUALTY & SURETY CO.	BODILY INJURY & PROPERTY DAMAGE 1,000,000 C/S/L
	COMPREHENSIVE AUTOMOBILE LIABILITY	AETNA CASUALTY & SURETY CO.	BODILY INJURY & PROPERTY DAMAGE 1,000,000 C/S/L
37 AL 192813 SCA	PRODUCTS LIABILITY (PROJECTILES ONLY)	AETNA CASUALTY & SURETY CO.	BODILY INJURY & PROPERTY DAMAGE 1,000,000 C/S/L
37 CS 230508 SRA	AUTOMOBILE LIABILITY	AETNA CASUALTY & SURETY CO.	BODILY INJURY 500,000 EACH PERSON 1,000,000 PER OCCURRENCE PROPERTY DAMAGE 100,000 EACH OCCURRENCE

This endorsement, issued by one of the below named companies, forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

*(The information below is required only when this endorsement is issued subsequent to preparation of policy.)*

Endorsement effective	Policy No.	Endorsement No.
Named Insured		
Additional Premium \$	Return Premium \$	BI PD
		In Advance \$
		1st Anniv. \$
		2nd Anniv. \$

**The Aetna Casualty and Surety Company**  
**The Standard Fire Insurance Company**  
 Hartford, Connecticut

  
 Counterigned by \_\_\_\_\_  
 (Authorized Representative)

THIS ENDORSEMENT MODIFIES SUCH INSURANCE AS IS AFFORDED BY THE PROVISIONS OF THE POLICY RELATING TO THE FOLLOWING:

EXCESS INDEMNITY (UMBRELLA) POLICY

NAMED INSURED

IT IS AGREED THAT SECTION 1 OF THE DECLARATIONS IS AMENDED TO INCLUDE THE FOLLOWING:

NATIONAL PRESTO INDUSTRIES, INC. AND ANY AFFILLATED, ASSOCIATED OR SUBSIDIARY COMPANY AS NOW OR HEREAFTER MAY BE FORMED, ACQUIRED OR CONSTITUTED, OR ANY OTHER COMPANY OVER WHICH NATIONAL PRESTO INDUSTRIES, INC. HAS OR ACQUIRES ACTIVE CONTROL OR MANAGEMENT, SO LONG AS NATIONAL PRESTO INDUSTRIES, INC. OR SUCH AFFILLATED, ASSOCIATED OR SUBSIDIARY COMPANY, OR ANY COMBINATION THEREOF, OWNS IN EXCESS OF 50% OF THE VOTING COMMON STOCK OF SUCH COMPANY.

THE FOLLOWING SHALL BE EXCLUDED AS NAMED INSUREDS:

- UNITED TRUCK LEASING, INC.
- LAWRENCE MOTORS, INC.
- RED WING TRUCK RENTAL, INC.
- K & L LEASING, INC.
- RED WING TRANSPORTATION CORP.

This endorsement, issued by one of the below named companies, forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

*(The information below is required only when this endorsement is issued subsequent to preparation of policy.)*

Endorsement effective	Policy No.	Endorsement No.	1
Named Insured			
Additional Premium \$	Return Premium \$	BI	PD
SPECIAL NO. 1		In Advance \$	\$
		1st Annu. \$	\$
		2nd Annu. \$	\$

The Aetna Casualty and Surety Company  
The Standard Fire Insurance Company  
Hartford, Connecticut

Countersigned by Richard L. Jackson  
(Authorized Representative)

THIS ENDORSEMENT MODIFIES SUCH INSURANCE AS IS AFFORDED BY THE PROVISIONS OF THE POLICY RELATING TO THE FOLLOWING:

EXCESS INDEMNITY (UMBRELLA) POLICY  
ERISA EXCLUSION

IT IS UNDERSTOOD AND AGREED THAT THIS POLICY SHALL NOT PROVIDE COVERAGE FOR CLAIMS BASED UPON THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, PUBLIC LAW 93-406 COMMONLY REFERRED TO AS THE PENSION REFORM ACT OF 1974, AND AMENDMENTS THERETO, OR SIMILAR PROVISIONS OF ANY FEDERAL STATE OR LOCAL STATUTORY LAW OR COMMON LAW.

This endorsement, issued by one of the below named companies, forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

*(The information below is required only when this endorsement is issued subsequent to preparation of policy.)*

Endorsement effective	Policy No.	Endorsement No.	2
Named Insured			
Additional Premium \$	Return Premium \$	BI	PD
SPECIAL NO. 2		In Advance \$	\$
		1st Anniv. \$	\$
		2nd Anniv. \$	\$

The Aetna Casualty and Surety Company  
The Standard Fire Insurance Company  
Hartford, Connecticut

Countersigned by Richard L. Jackson  
(Authorized Representative)

THIS ENDORSEMENT MODIFIES SUCH INSURANCE AS IS AFFORDED BY THE PROVISIONS OF THE POLICY RELATING TO THE FOLLOWING:

EXCESS INDEMNITY (UMBRELLA) POLICY

LIMITATION OF COVERAGE

COMPLETED OPERATIONS HAZARDS AND PRODUCTS HAZARD

IT IS AGREED THAT SUCH INSURANCE AS IS AFFORDED BY THE POLICY FOR THE COMPLETED OPERATIONS HAZARD AND PRODUCTS HAZARD DOES NOT APPLY TO AIRCRAFT PRODUCTS.

This endorsement, issued by one of the below named companies, forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

*(The information below is required only when this endorsement is issued subsequent to preparation of policy.)*

Endorsement effective	Policy No.	Endorsement No.	3
Named Insured			
Additional Premium \$	Return Premium \$	BI	PD
SPECIAL NO. 3		In Advance \$	\$
		1st Anniv. \$	\$
		2nd Anniv. \$	\$

The Aetna Casualty and Surety Company  
The Standard Fire Insurance Company  
Hartford, Connecticut

Countersigned by Richard L. Jackson  
(Authorized Representative)

EXCESS INDEMNITY (UMBRELLA) POLICY  
(AMENDMENT OF DISCRIMINATION COVERAGE)

It is agreed that such insurance as is afforded by the PERSONAL INJURY LIABILITY coverage does not apply to injuries sustained by any person as a result of discrimination directly or indirectly related to the employment of such person by the insured.

This endorsement forms a part of the policy to which attached, effective from its date of issue unless otherwise stated herein.

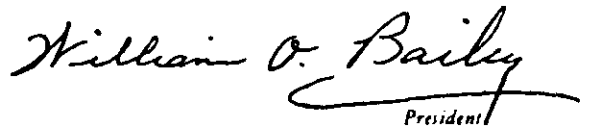
(The information below is required only when this endorsement is issued subsequent to preparation of policy.)

Endorsement effective                      Policy No.                      Endorsement No. 4  
Named Insured

XS-T-153

In Witness Whereof, we have caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by our authorized representative.

  
Secretary

  
President

Minton-Jeatran Associates

715 South Barstow Street  
Eau Claire, Wisconsin 54701  
Area Code: 715 Phone: 832-9717

Donald K. Dickson

To National Presto Industries, Inc., Eau Claire, WI 54701

Date 11/16/78

Subject Umbrella Liability Policy #37 XS 02505 SCA  
Aetna Casualty & Surety Company  
Policy Period: 6/1/77 - 3/1/78

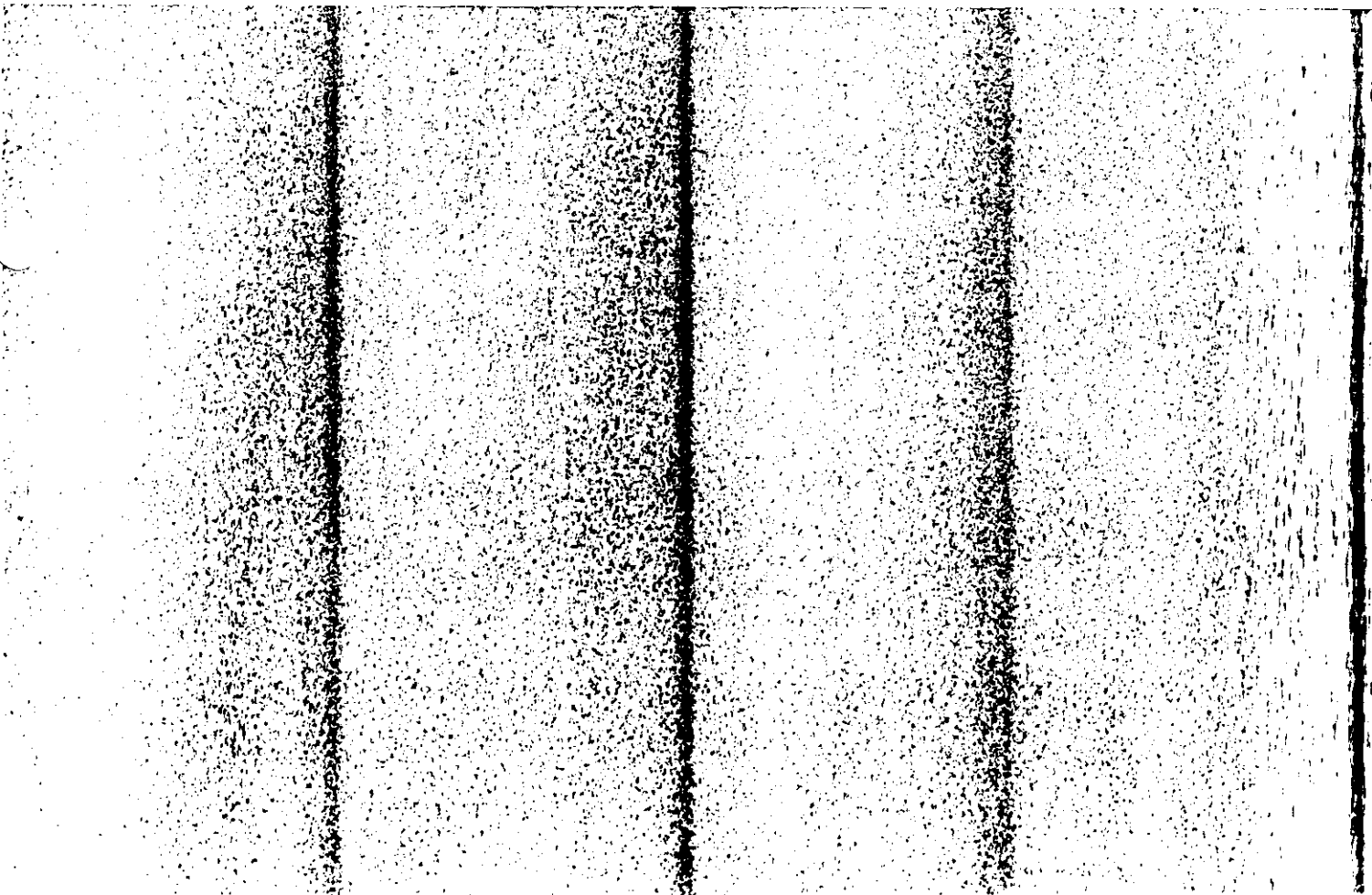
Don, there is no audit on the above policy because the policy premium is a minimum premium.

The estimated sales were:           \$116,750,000 - Commercial  
  \$ 12,000,000 - Defense  
  \$128,750,000

The actual sales were:               \$111,569,665 - Commercial  
  \$ 15,256,866 - Defense  
  \$126,826,531

We trust this information will complete your file.

*Nancy Engbretson*  
Nancy Engbretson



NATIONAL PRESTO INDUSTRIES, INC.

UMBRELLA LIABILITY

LIMIT OF LIABILITY - \$10,000,000

ESTIMATED SALES:

COMMERCIAL \$116,750,000  
SHELL LINE 12,000,000  
\$128,750,000

PROPOSAL # 1 (AETNA REINSURORS)

RATE:  $1.180 \times 128,750,000 = 152,000$

9 MONTHS - 6/1/77 to 3/1/78 = \$113,700 PREPAID

OR

9 MONTHLY INSTALLMENTS

\$13,100 X 9 MONTHS = \$117,900 INSTALLMENTS

PROPOSAL # 2 (NORTHEROOK)

RATE:  $1.679 \times 128,750,000 = 216,171$

DEPOSIT PREMIUM: \$196,500



RS

JUNE 1, 1977

LIMIT of LIABILITY - \$3,000,000  
RATE:  $1.74 \times 128,750,000 = 224,000$

PROPOSAL # 4 (FIRST STATE)

TOTAL PREMIUM \$233,125

40,000  
NEXT \$5,000,000

FIRST \$5,000,000  
RATE:  $1.50 \times 128,750,000 = 193,125$

PROPOSAL # 3 (LLOYD'S)