

Sparton Corporation
Code of Business Conduct and Ethics

Introduction

This Code of Business Conduct and Ethics ("Code") is intended to provide an overview of the fundamental policies and principles, which have guided Sparton throughout its long history.

This Code is intended to supplement, but does not amend or change, any of the related policies and procedures which Sparton has issued from time to time and are currently in effect.

The Code is not intended to and does not alter existing legal rights or obligations of the Corporation or its employees, such as, for example, "at will" employment arrangements.

All existing policies and procedures are electronically accessible to all employees, officers and directors from computers available throughout our facilities (click on "I/CSOP") and in Human Resources Departments or upon request to that Department for a copy. These existing policies and procedures include:

- ❖ Policies and procedures to assure compliance with federal securities laws requiring reports of changes in ownership of Sparton common stock. These policies and procedures apply to executive officers and members of the Board of Directors.
- ❖ Policies and procedures prohibiting unlawful insider trading for all employees, including any officers not covered by the policies and procedures applicable to directors and executive officers.
- ❖ Policies and procedures requiring employees to sign a "Confidentiality, Non-Disclosure and Patent Assignment Agreement."
- ❖ Policies, procedures and agreements relating to interaction by all employees with customers, vendors or others, called "Code of Ethics and Conduct & Potential Conflict of Interest."
- ❖ Policies and procedures applicable to all Sparton employees relating to "Secondary Employment" performed in addition to employment with Sparton.
- ❖ The "Sparton Way" which is an expression of the dedication of Sparton employees, officers and members of the Board of Directors to its principles and goals.

The Sparton Way

It is an appropriate introduction to the topics addressed in this Code to include a full statement of *The Sparton Way*. *The Sparton Way* states that Sparton's employees, officers and directors shall be:

- ❖ Dedicated to the conduct of our business at the highest ethical level.
- ❖ Dedicated to being a good corporate citizen in the communities where our manufacturing facilities are located.
- ❖ Dedicated to the design and manufacture of superior quality products in the most efficient manner possible and at the lowest possible cost.
- ❖ Dedicated to serving our customers to the utmost of our ability by making continuing contributions that support their progress.
- ❖ Dedicated to constantly improving our Corporation's technology base to better serve our customers.
- ❖ Dedicated to the implementation of new ideas and new processes in order to be the low cost producer in our chosen markets.
- ❖ Dedicated to making our Corporation grow faster than the economy.
- ❖ Dedicated to the maximization of shareowner value.
- ❖ Dedicated to honest and open communications with all who are involved in Sparton's business.
- ❖ Dedicated to providing a work environment that is safe and clean and one where our employee/associates can achieve their highest potential during their working years.

The following additional Sparton policies have been adopted to guide employees, officers and directors in their individual and business conduct.

1. General Standard of Conduct

Our standard is and will continue to be to conduct our business at the highest ethical level and to comply with all applicable laws and regulations. All employees, officers and directors are obligated to understand the principles and policies expressed in this Code, to adhere to and apply them in all areas of Sparton's business.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of your relationship with the Corporation. If you are in a situation

which you believe may violate or lead to a violation of this Code, please follow the guidelines described in Section 9 of this Code.

2. Conflicts of Interest

All Sparton employees, officers and directors owe a duty of loyalty to the Corporation. Any actual or perceived conflict of interest with the Corporation is prohibited and must be avoided. A conflict situation arises when the interests of an employee, officer or director may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefit as a result of his or her position in the Corporation, including the benefit of any loans to or guarantees of obligations of any such persons. If such a situation arises, employees, officers and directors must immediately report the circumstances as provided in Section 9 of this Code. All employees should also review and comply with the Code of Ethics and Conduct & Potential Conflict of Interest referred to in the Introduction.

It is almost always a conflict of interest for a Corporation employee to work simultaneously for a competitor, customer or supplier. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on the Corporation's behalf.

3. Corporate Opportunities

No employee, officer or director may: (a) take and maintain for himself or herself personal opportunities which are discovered through the use of Corporate property, information or position; (b) use Corporation property, information or position for personal gain; or (c) compete with the Corporation. Employees, officers and directors owe a duty to the Corporation to advance its legitimate interests when the opportunity to do so arises. Employees and officers should also review and comply with Sparton's policy on Secondary Employment, referred to in the Introduction.

4. Fair Dealing

Each employee, officer and director shall endeavor to deal fairly and in good faith with the Corporation's customers, shareholders, employees, suppliers, regulators, alliance and other business partners, competitors and others. No employee, officer or director shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation, fraudulent behavior or any other unfair dealing practice.

5. Confidentiality

All employees, officers and directors must maintain the confidentiality of and not disclose information entrusted to them by the Corporation, its alliance or other business partners, suppliers or customers, except when disclosure is authorized by the Corporation or legally mandated. Confidential information includes all non-public information that might be of use to competitors or harmful to the Corporation or its alliance or other business partners, suppliers or

customers, if disclosed. All employees should also review and comply with the Confidentiality, Non-Disclosure and Patent Assignment Agreement which applies to them.

6. Protection and Use of Corporation Assets

Safeguarding Corporation assets, including intangible assets such as intellectual property, trade secrets, trademarks, patents, copyrights and other proprietary information, is the responsibility of all employees, officers and directors. Corporation assets should be used efficiently and only for legitimate business purposes. This means that the personal use of Corporation assets without formal prior Corporate permission is also prohibited. Theft, careless use and waste of Corporation assets have a direct impact on the Corporation's profitability and are prohibited.

7. Compliance with Laws, Rules, Regulations, Including Insider Trading Laws

The Corporation will be proactive to ensure compliance with all applicable laws, rules, and regulations, including insider-trading laws and applicable anti-trust laws. Employees, officers and directors must respect and obey the laws of the cities, states, provinces and countries in which the Corporation operates. Employees, officers and directors should also review and comply with Sparton's policy prohibiting insider trading in Sparton shares, referred to in the Introduction. Insider trading is unethical and illegal and will be dealt with decisively.

8. Questions and Answers

Sparton understands that this Code and the policies and procedures referred to in the Introduction, may not provide answers to all questions. When in doubt about the best course of action, employees should talk to their supervisor, or to the person designated to receive reports for failure to comply with a particular policy or standard, or if no person is designated, then ask for help from Sparton's Human Resources Department. Officers and directors should seek guidance from the Chief Financial Officer or the Nominating/Governance Committee.

9. Reporting of Violations; Consequences; No Retaliation

Employees, officers and directors not only have the duty to adhere to this Code and the other policies referred to in the Introduction, but also have the duty and are encouraged to report any violations of the Code or of the other policies referred to in this Code. It is the policy of Sparton Corporation to encourage its employees and other persons to disclose improper activities, and to address complaints alleging acts of reprisal or intimidation resulting from disclosure of improper activities. Individuals wishing to report improper activities may call Sparton's Whistleblower service at 1-866-393-7585. You may report activities anonymously if you so desire.

When reporting violations or potential violations of this Code, please keep the following in mind:

- ❖ Make sure you have all the facts. In order to reach the right solutions, the Corporation must be as fully informed as possible.
- ❖ Ask yourself: "What specifically am I being asked to do? Does it seem unethical or improper?" This question will enable you to focus on the specific question you are faced with, and the alternatives that exist. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- ❖ Clarify your responsibility and role. In most situations, there is shared responsibility. Are your fellow employees/associates informed? It may help to get others involved and discuss the problem.
- ❖ Discuss the problem with your supervisor. This is basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- ❖ Seek help from Corporation resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor or where you do not feel comfortable approaching your supervisor with your question, discuss it with more senior management.
- ❖ Always ask first and act later. If you are unsure of what to do in any situation, seek guidance before you act.

The Corporation will investigate all violations of the Code or of the other referenced policies, and may take disciplinary or corrective action as may be appropriate and warranted, up to and including termination.

Again, Sparton forbids retaliation against employees, officers or directors who, in good faith, report violations of this Code or the other policies referred to.

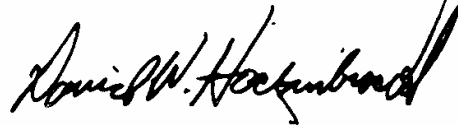
10. Waiver

Any waiver of the Code for executive officers or directors may be made only by the Board of Directors or by a Committee of the Board of Directors to which such responsibility has been delegated, and shall be disclosed promptly to shareholders.

May 1, 2007

A handwritten signature in black ink that reads "Bradley O. Smith". The signature is written in a cursive style with a large, prominent 'B' and 'S'.

Bradley Smith, Chairman of the Board

A handwritten signature in black ink that reads "David W. Hockenbrocht". The signature is written in a cursive style with a large, prominent 'D' and 'H'.

David W. Hockenbrocht, President and
Chief Executive Officer