

Sparton Corporation Compensation Committee Charter

Membership

1. The Board of Directors will appoint annually a Compensation Committee composed of at least three Board members, each of whom shall serve for a one year term or until their successors are duly elected and qualified, and each of whom shall be: (a) "independent" as defined from time to time by the New York Stock Exchange's listing standards; (b) a "non-employee director" as that term is defined under Securities and Exchange Commission Rule 16b-3; and (c) an "outside director" as that term is defined for purposes of the Internal Revenue Code, Section 162(m).
2. The Board of Directors shall annually appoint the Committee's chairperson who shall be responsible for reporting the Committee's activities and recommended actions to the Board of Directors.
3. Committee members should have broad business experience, including operating and financial experience in corporate matters.
4. The Chief Executive Officer of the Corporation will make recommendations to the Committee concerning company officers and employee compensation except his own compensation.
5. The Committee may be assisted on compensation projects by various members of the Corporation's staff, as the Committee reviews compensation matters with the CEO and other members of senior management.
6. A Committee member may be removed by a majority vote of the Board of Directors.

Purpose

1. The Committee's primary purpose is to assist the Board of Directors in fulfilling its responsibility to maximize the long-term return to shareholders by overseeing compensation and benefit matters relating to the Corporation's officers, directors and employees.
2. The Committee also reviews and approves the Committee reports included in the Corporation's Annual Proxy Statement in accordance with applicable SEC rules and regulations.

Meetings and Procedures

1. The Committee shall meet as often as its chairperson or its members deem necessary, but not less than twice per fiscal year, to perform the Committee's responsibilities.
2. Meetings of the Committee shall be subject to the procedural rules of the Committee, or if none the procedural rules that govern meetings of the Board of Directors as set forth in the Corporation's By-laws and Code of Regulations. The Committee may adopt its own rules of procedure, not inconsistent with: (a) any provision of this Charter, (b) any provision of the Corporation's By-laws and Code of Regulations, or (c) the laws of the State of Ohio.
3. The Committee chairperson, or in the chairperson's absence the acting chair as designated by the Committee's members, will preside at each meeting of the Committee, and in consultation with the other members of the Committee, shall set the length of each meeting and the agenda items to be addressed. The agenda and any other background materials to be discussed at a Committee meeting shall be distributed to the Committee's members prior to the meeting.
4. The Committee will keep adequate minutes of all its proceedings, and the chairperson will report the Committee's actions and recommendations at the next meeting of the Board of Directors. Committee members will be furnished with a copy of the minutes of each meeting and any action taken by unanimous written consent.
5. The Corporation will provide appropriate funding, as reasonably determined by the Committee, in order for the Committee to perform its responsibilities under this Charter.

Authority and Responsibilities

1. The Committee may select and retain in its sole discretion outside consultants to assist in determining and establishing policies and may authorize independent studies of corporate compensation and benefits of generally comparable companies. The Committee has the sole authority to approve the outside consultants' fees and retention terms and to terminate any relationship with any outside consultant.
2. The Committee shall have authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are also composed entirely of independent directors.
3. The Committee shall be responsible for:

- (a) Assisting management in defining an executive compensation policy that (a) supports the Corporation's objectives; (b) attracts and retains key executives; (c) relates total compensation to financial performance and the attainment of strategic results; and (d) provides competitive compensation at a reasonable cost.
- (b) Reviewing and recommending, for non-employee directors' approval, the annual base salary levels, annual incentive compensation levels, employment agreements and the benefits of the Corporation's CEO and other senior officers.
- (c) Reviewing CEO and key executive incentive plans compared to the Corporation's and business units' performance and budgets.
- (d) Evaluating annually the CEO, CFO and COO and other key executives' compensation levels and payouts against (a) pre-established, measurable performance goals and budgets; (b) compensation for generally comparable groups of executives; (c) relative shareholders' return; (d) previous compensation and benefits received by such officers; and (e) external market trends.
- (e) Reviewing market trends and comparable groups for Corporation wide annual merit increases.
- (f) Reviewing and recommending for non-employee directors' approval any severance programs for executives, including change-of-control agreements; and ensuring that the potential costs of such programs are fair and reasonable.
- (g) Approving, by direct action or through delegation, all awards, grants, and related actions under the provisions of the Corporation's Stock Option or other executive compensation programs.
- (h) Recommending pay levels for Board members, subject to approval by vote of the full Board of Directors in recognition of the conflict of directors setting their own remuneration. These recommendations may be reviewed by third parties, such as outside, independent consultants for reasonableness.
- (i) Providing oversight for the administration, funding and investment strategy of the Corporation's retirement plans, including defined benefit and contribution plans. Annually reviewing the investment performance and funding of these plans and making appropriate recommendations to the Board of Directors.

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- (j) Reviewing and approving in advance the contents of SEC and other regulatory filings relating to compensation matters. This includes reviewing the Corporation's Annual Proxy Statement, the Committee's Report, and all disclosures of compensation matters in the Annual Report, Form 10K, and other regulatory filings.

- (k) In coordination with the Board of Directors, conducting an annual performance evaluation of the Committee and its members. The Committee will implement recommendations by the Board of Directors to the Committee.