

**SPARTON CORPORATION**  
**ANNUAL MEETING OF SHAREHOLDERS**  
**OCTOBER 27, 2010 at 10:00am local time**

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*David Molfenter*

Good morning ladies and gentlemen. Welcome to the 110<sup>th</sup> Annual Meeting of Sparton Corporation. I am David Molfenter, the Chairman of the Board of Directors for Sparton Corporation.

In fairness to all participants and in the interest of an orderly and constructive meeting, the following rules of conduct will be enforced:

1. All attendees must register at the registration desk before entering the room.
2. The meeting will follow the schedule set forth on the Agenda.
3. Only shareholders of record as of September 21, 2010 or their duly authorized proxies are entitled to vote or to address the meeting.
4. You need not vote at this meeting if you have already voted by proxy. If you wish to change your vote or if you have not voted, please request a ballot at the opening of the polls and turn in the completed ballot before the close of the polls.
5. Only proposals submitted in advance of the meeting as described in the proxy statement may be considered. As no such proposals were timely received, no proposals, other than those to be voted on today as described in the proxy statement, will be considered at today's meeting.
6. No one may address the meeting unless recognized by the Chairperson.

7. If you wish to be recognized, please raise your hand. When recognized by the Chairperson, please state your name, indicate whether you are a shareholder or a proxy holder and succinctly state your question or comment.
8. All questions and comments must be directed to the Chairperson.
9. Based on the detailed investor calls that management's been undertaking on a regular basis, we will be limiting questions during today's meeting. Each speaker is limited to a total of two (2) questions or comments of no more than two (2) minutes each. Please allow other attendees to be recognized before asking to be recognized a second time. Questions must be relevant to the business of the company or the conduct of its operations. Questions may NOT relate to pending or threatened litigation, be repetitious or deal with tangentially related general economic, political or other opinions or facts. The company will refrain from answering any questions relating to information that has not been publicly disclosed. Please permit each speaker to conclude his or her remarks without interruption. The Chairperson will stop speakers when they are out of order.
10. The meeting will be videotaped by the Company and no other cameras, audio or video recording equipment, communication devices or other similar equipment may be brought into the meeting. If you have a cell phone, please take this time to turn it off or place it in silent mode.
11. Attendees who fail to comply with these rules of conduct risk being removed from the meeting.

Thank you for your cooperation. At this time, I call this meeting to order.

A copy of the agenda was placed on every seat. Please raise your hand if you did not receive one.

There are 5 items of business on today's formal agenda: the election of directors, the ratification of the appointment of the Company's independent auditors, the approval and adoption of the Second Amended Articles of Incorporation, the approval and adoption of the Amended and Restated Code of Regulations, and the approval of the Named Executive Officer compensation by a non-binding vote.

Mr. Joseph Lerczak, Secretary of the Company, will act as Secretary of this meeting.

At this time, I would like to briefly introduce our Directors. With regard to myself, prior to retirement I held the position of Vice President, Command, Control, Communication and Information Systems of Raytheon Systems Company, Fort Wayne, Indiana. Also, with us by phone is...

Douglas R. Shrank      Retired, former Executive Vice President and Chief Financial Officer of Perrigo Company, a multinational pharmaceutical company.

Present with us in the meeting today are...

Cary B. Wood      President & CEO of Sparton Corporation

James D. Fast      Retired, former President and Chief Executive Officer of First Bank – West Michigan, Ionia, Michigan.

Joseph J. Harnett      President and Chief Executive Officer of Ingenient Technologies, Inc., Rolling Meadows, Illinois.

William I. Noecker      Chairman of Brasco International Inc.

Peter Slusser      President, Slusser Associates, Inc., New York, New York.

James R. Swartwout Retired, former co-Chief Executive Officer and member of the Board of Directors of Habasit Holding America, Inc., Torrance, California.

Dr. Lynda J.S. Yang Neurosurgeon and faculty member of the University of Michigan School of Medicine, Ann Arbor, Michigan.

I would like to introduce members of our auditing firm, BDO USA LLP (formerly BDO Seidman, LLP) of Grand Rapids, Michigan - Randy Shoaf, engagement partner for fiscal 2010, Tom Hiller, engagement partner for fiscal 2011, and Mr. Richard Baab, Assurance Senior Manager. As stated in the proxy statement for this meeting, the representatives of BDO USA will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. Mr. Baab, do you wish to make a statement at this time?

***Rick Baab***

Not at this time.

***David Molfenter***

Illinois Stock Transfer Company has been appointed to act as inspector of election to report on the shares represented in person and by proxy at the meeting. Mr. Robert Pearson is here as the representative of Illinois Stock Transfer Company.

If any shareholder has not turned in his, her or its proxy they should see Mr. Pearson.

I would like to ask the Secretary to present the affidavit of mailing of the notices of this meeting.

***Joe Lerczak***

Mr. Chairman, I present the affidavit of Chris Hall, Vice President of Illinois Stock Transfer Company, Chicago, Illinois which states that the notice of meeting and accompanying proxy materials and annual report were mailed by September 27, 2010 to shareholders of record on September 21, 2010, the record date for shareholders entitled to notice of this meeting, which is in accordance with the Code of Regulations of the company.

In addition, I have been advised by the inspector of elections that at least a majority of the company's issued and outstanding shares entitled to vote is represented in person or by proxy at today's meeting. Since a majority of the company's shares is represented here today, a quorum is present, the meeting is duly constituted and the business of the meeting may proceed.

As required by Ohio law, a list of shareholders of record who are entitled to vote at this meeting will be produced by the inspectors of election upon request of such shareholder. The person seeking access to the list will be requested to verify to the inspectors of election that he or she is either such a shareholder or proxy holder.

Mr. Chairman, I would also like to present the minutes from the 2009 annual shareholders meeting. These minutes are available for inspection at the door.

***David Molfenter***

Thank you, Mr. Lerczak. The report of the Secretary on the existence of a quorum is accepted. I direct that the affidavit of mailing be made part of the minutes of the meeting. We may now proceed to transact the business for which this meeting has been called.

Unless a shareholder would like the minutes of the last annual meeting read, we will dispense with a reading of the minutes. If you would like to review the minutes they are available at the door.

Ohio law requires the company to present financial statements at the annual meeting of shareholders, so I would ask the Chief Financial Officer, Mr. Slome, to present the financial statements, which have been audited by our public accountants, BDO USA, LLP.

***Greg Slome***

As required by Ohio law, I would like to present to the shareholders the consolidated financial statements of the company and its subsidiaries for the fiscal year ended June 30, 2010. These financial statements are the same as they appear in the annual report that was mailed to all shareholders. If you would like a copy, the annual report is available at the door.

***David Molfenter***

Thank you, Mr. Slome. Now that we have attended to these procedural matters, let's turn to the formal business of the meeting.

If any shareholder requires a ballot to vote for any of the five proposals, please see Mr. Pearson now.

Is the inspector of election ready to report?

***Inspector (Bob Pearson)***

Mr. Molfenter, the inspector of election reports that out of 10,200,534 shares of common stock of Sparton Corporation outstanding and entitled to vote at the close of business on

September 21, 2010, \_\_\_\_\_ shares or \_\_\_\_\_% constituting more than a majority, is represented at the meeting either in person or by proxy.

***David Molfenter***

Thank you, Mr. Pearson. We will now move to the election of directors.

Mr. W. Peter Slusser, Dr. Lynda J.-S. Yang and I were nominated to the board of directors, each for a three-year term expiring in 2013. For your information, if Proposal 4 passes, all directors will serve for one year terms and will be elected annually at and after the 2011 annual meeting.

I note that no other director nominations were received by the board of directors in accordance with the Code of Regulations of the company; effectively closing the nominations, so we will proceed with the voting for directors.

Are there any ballots or proxies to be turned in? If not, the polls are now closed.

We will now take a moment to allow the inspector to update the vote.

Will the inspector announce the results of the shareholder voting?

***Inspector (Bob Pearson)***

The inspector of election reports that each of the three board nominees has received more than the necessary votes for election to the board[ with Mr. Molfenter receiving \_\_\_\_\_ votes in favor or \_\_\_\_\_% of the votes cast, Mr. Slusser receiving \_\_\_\_\_ votes in favor or \_\_\_\_\_% of the votes cast and Dr. Yang receiving \_\_\_\_\_ votes in favor or \_\_\_\_\_% of the votes cast.

***David Molfenter***

Having received the greatest number of votes cast by the holders of common stock, Mr. David P. Molfenter, Mr. W. Peter Slusser, and Dr. Lynda J.-S. Yang are hereby declared elected as directors. Further, if Proposal 3 passes, directors will be elected at and after the 2011 annual meeting using a majority vote standard in uncontested elections as described in the proxy statement.

We will now turn to the ratification of the appointment of BDO USA, LLP as independent auditors of the company for the fiscal year ending June 30, 2011.

Are there any ballots or proxies to be turned in? If not, the polls are now closed.

We will now take a moment to have the inspector update their vote.

Will the inspectors announce the results of the shareholder voting?

***Inspector (Bob Pearson)***

The inspector of election reports that BDO USA, LLP has received more than the necessary votes to be ratified as the independent auditors of the company for the fiscal year ending June 30, 2011 with \_\_\_\_\_ votes in favor or \_\_\_\_\_% of the votes cast.

***David Molfenter***

We will now turn to the approval and adoption of the Second Amended Articles of Incorporation. An affirmative vote of at least two-thirds of all outstanding shares of the Company's common stock is required for the approval of this amendment.

Are there any ballots or proxies to be turned in? If not, the polls are now closed.

We will now take a moment to have the inspector update their vote.

Will the inspectors announce the results of the shareholder voting?

***Inspector (Bob Pearson)***

The inspector of election reports that the Second Amended Articles of Incorporation has received more than the necessary votes to be approved and adopted with \_\_\_\_\_ votes in favor or \_\_\_\_\_% of the outstanding shares of common stock.

***David Molfenter***

We will now turn to the approval and adoption of the Amended and Restated Code of Regulations. This amendment requires an affirmative vote of a majority of the outstanding shares of common stock.

Are there any ballots or proxies to be turned in? If not, the polls are now closed.

We will now take a moment to have the inspector update their vote.

Will the inspectors announce the results of the shareholder voting?

***Inspector (Bob Pearson)***

The inspector of election reports that the Amended and Restated Code of Regulations has received more than the necessary votes to be approved and adopted with \_\_\_\_\_ votes in favor or \_\_\_\_\_% of the outstanding shares of common stock.

***David Molfenter***

We will now turn to the non-binding approval of the Named Executive Officer compensation. This amendment requires an affirmative vote of a majority of the shares of common stock present in person or represented by proxy.

Are there any ballots or proxies to be turned in? If not, the polls are now closed.

We will now take a moment to have the inspector update their vote.

Will the inspectors announce the results of the shareholder voting?

***Inspector (Bob Pearson)***

The inspector of election reports that the non-binding Named Executive Officer compensation proposal has received more than the necessary votes to be approved with \_\_\_\_\_ votes in favor or \_\_\_\_\_% of the votes cast either in person or represented by proxy.

***David Molfenter***

Thank you, Mr. Pearson.

This concludes the formal part of the meeting.

Mr. Wood will now present the business review and outlook as well as answer any related questions the shareholders may have in accordance with the previously described rules of conduct.

***Cary Wood***

{ Annual Shareholder Presentation }

{Question & Answer Period}

***David Molfenter***

Thank you, Cary. If there are no further questions, this concludes 2010 Annual Meeting of Sparton Corporation.

Thank you.