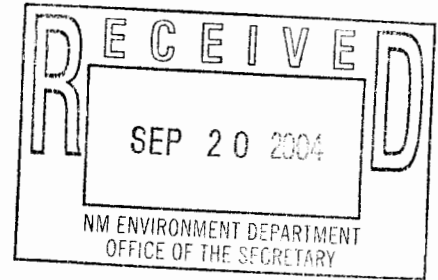


**SPARTON**

**SPARTON CORPORATION**

September 15, 2004



Mr. Richard Greene  
Regional Administrator  
Environmental Protection Agency  
Region 6  
1445 Ross Avenue  
Dallas, Texas 75202

Mr. Ron Curry  
Secretary of New Mexico Environment Department  
Harold S. Runnels Building  
1190 St. Francis Drive  
P.O. Drawer 26110  
Santa Fe, New Mexico 87502-6110

Dear Messrs. Greene and Curry:

I am the chief financial officer of Sparton Corporation, 2400 E. Ganson Street, Jackson, Michigan 49202. This letter is in support of Sparton Corporation's use of the financial test to demonstrate financial assurance for corrective action and any post-closure care, as specified in subparts G and H of 40 C.F.R. parts 264 and 265.

1. Sparton Corporation is the owner or operator of the following facilities -for which financial assurance for closure, post-closure care, or corrective action is demonstrated through the financial test specified in subpart H of 40 C.F.R. parts 264 and 265. The current closure, post-closure care, and/or corrective action cost estimates covered by the test are shown for each facility: None.

2. Sparton Corporation guarantees, through the guarantee specified in subpart H of 40 C.F.R. parts 264 and 265, the corrective action and any post-closure care of the following facilities owned or operated by the guaranteed party. The current cost estimates for the corrective action and post-closure care so guaranteed are shown for each facility: Sparton Technology, Inc., 9621 Coors Rd., N.E., Albuquerque, New Mexico 87114: corrective action and post-closure care cost estimate = \$4,030,350. Sparton Corporation is the direct parent corporation of Sparton Technology, Inc.

3. In States where EPA is not administering the financial requirements of subpart H of 40 C.F.R. part 264 or 265, Sparton Corporation, as guarantor, is demonstrating financial assurance for the closure, post-closure care, or corrective action of the following facilities through the use of test equivalent or substantially equivalent to the financial test specified in subpart H of 40 C.F.R. parts 264 and 265. The current closure, post-closure care, and corrective action cost estimates covered by such a test are shown for each facility: Except for the Sparton Technology, Inc. facility listed under number 2 above, none.

4. Sparton Corporation is the owner or operator of the following hazardous waste management facilities for which financial assurance for closure, post-closure care, or corrective action is not demonstrated either to EPA or a State through the financial test of any other financial assurance mechanism specified in subpart H of 40 C.F.R. parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure, post-closure care, and corrective action cost estimates not covered by such financial assurance are shown for each facility: None.

5. Sparton Corporation is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under part 144. The current closure cost estimates as required by 40 C.F.R. 144.62 are shown for each facility: None.

Sparton Corporation is required to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on June 30. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended June 30, 2004.

#### ALTERNATIVE I

1. Sum of current corrective action and post-closure care cost estimates:

\$4,030,350

\*2. Total liabilities: \$25,553,397

\*3. Tangible net worth: \$88,096,098

\*4. Net worth: \$88,866,099

\*5. Current assets: \$91,358,693

\*6. Current liabilities \$19,011,388

\*7. Net working capital: \$72,347,305:

\*8. The sum of net income plus depreciation, depletion, and amortization: (\$445,915)

\*9. Total assets in U.S. (required only if less than 90% of firm's assets are located in the U.S.): Not Applicable

10. Is line 3 at least \$10 million? (Yes/No) Yes

11. Is line 3 at least 6 times line 1? (Yes/No) Yes

12. Is line 7 at least 6 times line 1? (Yes/No) Yes

12. Is line 7 at least 6 times line 1? (Yes/No) Yes

\*13. Are at least 90% of firm's assets located in the U.S.? If not, complete line 14

(Yes/No) Yes

14. Is line 9 at least 6 times line 1? (Yes/No) Not Applicable

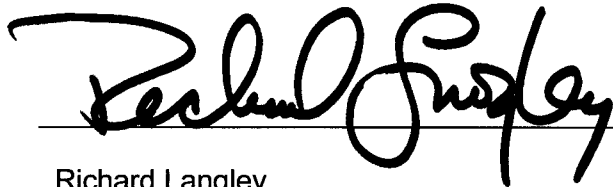
15. Is line 2 divided by line 4 less than 2.0? (Yes/No) Yes

16. Is line 8 divided by line 2 greater than 0.1? (Yes/No) No

17. Is line 5 divided by line 6 greater than 1.5? (Yes/No) Yes

I hereby certify that the wording of this letter is substantially identical to the wording specified in 40 C.F.R. 264.151(f) as such regulations were constituted on the date shown immediately below, except as modified to reflect financial assurances of corrective action and except where "this firm" is replaced with "Sparton Corporation."

[Signature]



\_\_\_\_\_

[Name]

Richard Langley

[Title]

Vice President, Chief Financial Officer, Treasurer

[Date]

September 15, 2004

To follow in separate enclosure: Sparton's 2004 Annual Report on Form 10-K

Copies to:

United States Environmental Protection Agency – Region VI  
Technical Section (6EN-HX)  
Compliance Assurance and Enforcement Division  
1445 Ross Avenue  
Dallas, Texas 75202  
Attn: Sparton Technology, Inc., Project Coordinator (3)

Director  
Water and Waste Management Division  
New Mexico Environment Department  
P.O. Box 26110  
Santa Fe, NM 87502-6110

Chief  
Hazardous and Radioactive Materials Bureau  
New Mexico Environmental Department  
P.O. Box 26110  
Santa Fe, NM 87502-6110

Chief  
Groundwater Bureau  
New Mexico Environment Department  
P.O. Box 26110  
Santa Fe, NM 87502-6110

Tony Hurst  
Hurst Engineering Services  
17990 Clydesdale Road  
Colorado Springs, CO 80908



**BDO Seidman, LLP**  
Accountants and Consultants

99 Monroe Avenue NW, Suite 800  
Grand Rapids, Michigan 49503-2698  
Telephone: (616) 774-7000  
Fax: (616) 776-3680

## **Report of Independent Accountants on Applying Agreed-Upon Procedures**

Board of Directors and Management  
Sparton Corporation  
Jackson, Michigan

Environmental Protection Agency  
Dallas, Texas

New Mexico Environmental Department  
Santa Fe, New Mexico

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Sparton Corporation and subsidiaries as of June 30, 2004, and the related consolidated statements of income, shareowners' equity and cash flows for the year then ended, and have issued our report thereon dated August 13, 2004. Our opinion on the financial statements referred to above is presented in Sparton Corporation's 2004 Annual Report (Form 10-K) which is referred to in the letter dated September 15, 2004 and signed by Richard Langley, Chief Financial Officer of Sparton Corporation, to the Environmental Protection Agency and the New Mexico Environment Department ("the Langley Letter").

We have performed the procedures described below, which were specified by the Environmental Protection Agency and agreed to by Sparton Corporation, to the Langley Letter, solely to assist you in complying with the requirements of the State of New Mexico and the United States Environmental Protection Agency. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

We have compared the following data included in the Langley Letter to amounts included in or derived from the audited consolidated balance sheet of Sparton Corporation and subsidiaries as of June 30, 2004, and the related consolidated statements of income, shareowners' equity and cash flows for the year then ended, which we have audited and issued our report thereon as described above, and found them to be in agreement.



<u>Description</u>	<u>Balance</u>
Total liabilities	\$ 25,553,397
Tangible net worth	88,096,098
Net worth	88,866,099
Current assets	91,358,693
Current liabilities	19,011,388
Net working capital	72,347,305
Sum of net loss plus depreciation, depletion and amortization	(445,915)

We were not engaged to, and did not, conduct an audit, examination or review, the objectives of which would be the expression of an opinion or limited assurance on the Langley Letter. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of Sparton Corporation, the State of New Mexico and the United States Environmental Protection Agency and is not intended to and should not be used by anyone other than these specified parties.

*BDO Seidman, LLP*

Grand Rapids, Michigan  
September 15, 2004