Bronstein Sheri B.
Form 4
February 20, 2019

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Bronstein Sheri B.

(Last) (First) (Middle)

100 N TRYON STREET

(Street)

CHARLOTTE, NC 28255

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
BANK OF AMERICA CORP /DE/ [BAC]

3. Date of Earliest Transaction (Month/Day/Year)
02/15/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Human Resources Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/15/2019		M		19,048	A	$ 0 (1)	55,433	D	
Common Stock	02/15/2019		F		9,583 (2)	D	$ 29.11	45,850	D	
Common Stock	02/15/2019		M		13,525	A	$ 0 (1)	59,375	D	
Common Stock	02/15/2019		F		6,758 (2)	D	$ 29.11	52,617	D	
Common Stock	02/15/2019		M		11,247	A	$ 0 (1)	63,864	D	

Common Stock	02/15/2019		F		5,593 (2)	D	$ 29.11	58,271	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
2016 Restricted Stock Units	(1)	02/15/2019		M			19,048	(3)	02/15/2019	Common Stock	19,048
2017 Restricted Stock Units	(1)	02/15/2019		M			13,525	(4)	02/15/2020	Common Stock	13,525
2018 Restricted Stock Units	(1)	02/15/2019		M			11,247	(5)	02/15/2021	Common Stock	11,247

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Bronstein Sheri B. 100 N TRYON STREET CHARLOTTE, NC 28255			Chief Human Resources Officer	

Signatures

Sheri B. Bronstein/Amanda D. Daniel POA	02/20/2019
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- **(1)** Each unit represents a contingent right to receive one share of Bank of America Corporation common stock.
- **(2)** Disposition of shares to the issuer to satisfy a tax withholding obligation.
- **(3)** On February 12, 2016, the reporting person was granted units, vesting in three equal annual installments commencing on February 15, 2017.
- **(4)** On February 15, 2017, the reporting person was granted units, vesting in three equal annual installments commencing on February 15, 2018.
- **(5)** On February 15, 2018, the reporting person was granted units, vesting in three equal annual installments commencing on February 15, 2019.

 and President 2001 1,260 * of Ionia County National Bank, Ionia, Michigan. 5 HAS SERVED AMOUNT AND AS A NATURE DIRECTOR OF BENEFICIAL PERCENT OF NAME AGE PRINCIPAL OCCUPATION SINCE OWNERSHIP (1) CLASS (1) ---- --- ------------------------------------ -------- ------------- ---------- DIRECTORS WHOSE TERMS EXPIRE IN 2004 David P. Molfenter..... 58 Retired since August 2000, formerly 2000 1,050 * Vice President Command, Control, Communication and Information Systems Segment, Raytheon Systems Company, a high technology company specializing in defense electronics, Fort Wayne, Indiana; December 1997-August 2000. Vice President and General Manager Hughes Aircraft, a defense electronics contractor, December 1995-December 1997. W. Peter Slusser....... 74 President, Slusser Associates, Inc., 1997 1,050 * Investment Banking, New York, New York. Bradley O. Smith....... 58 Chairman of the Board, Sparton 1998 1,128,206(3) 14.2% Corporation, Jackson, Michigan since October 2000. Private Investor since May 1998. For the preceding 24 years, owner and President of Tracy Products, Inc., an automotive metal stamping company, Ionia, Michigan. DIRECTORS WHOSE TERMS EXPIRE IN 2005 Richard J. Johns, Distinguished Service Professor, 2002 -- * M.D. .... 78 Professor of Biomedical Engineering, Professor of Medicine, Johns Hopkins University School of Medicine since 1991. Dr. Johns is also a Physician on staff at Johns Hopkins Hospital. Richard L. Langley..... 58 Chief Financial Officer, Vice 2001 45,745(4) * President and Treasurer of Sparton Corporation, Jackson, Michigan. William I. Noecker..... 54 Chairman of Brasco International 1999 -- * Inc., an aluminum fabricator, Detroit, Michigan since 1993. --------------- * denotes a percentage of less than 1%. (1) Unless otherwise indicated by footnote, each director or nominee has sole voting power and owns the shares directly, or shares voting and investment power with his spouse or other family members under joint ownership. (2) Reference is made to note (1) under the heading "Security Ownership of Management" on page 3. (3) Reference is made to note (2) under the heading "Principal Shareholders" on page 2. (4) Reference is made to note (3) under the heading "Security Ownership of Management" on page 3. Except as noted, the principal occupations referred to have been held by the foregoing nominees and directors for at least five years. Mr. W. Peter Slusser is a director of Ampex Corporation, a manufacturer of high performance Digital Storage equipment. 6 Mr. James Fast is a director of ICNB Financial Corporation. ICNB Financial Corporation is the holding corporation for Ionia County National Bank. The Board of Directors, which had six (6) meetings during the past year, has standing Audit, Compensation, Executive and Nominating Committees. The Audit Committee met six (6) times last year and consisted of Messrs. William I. Noecker, James D. Fast, and David P. Molfenter. This committee operates under a written charter and oversees auditing, financial reporting and internal control matters. It also recommends the firm that Sparton should retain as its independent auditors. The Committee consults with the independent auditors and reviews their audit and other work. The Committee also consults with the Chairman of the Board, President, and Vice President-Treasurer and oversees those individuals who review Sparton's internal controls and compliance with policies. The members of the Audit Committee are independent, as defined under the New York Stock Exchange listing standards. The independent auditors have access to the Committee without any other members of management being present. The Audit Committee met with management and the independent accountants before the announcement of earnings each quarter. The Committee also reviewed annual results and the Audit Committee report before filing. The functions and qualifications for membership are set forth in its charter, a copy of which was filed with the fiscal 2001 Proxy Statement. The Compensation Committee, which held four (4) meetings last year and consisted of Messrs. James N. DeBoer, David W. Hockenbrocht, David P. Molfenter, and W. Peter Slusser, monitors the remuneration, including stock options, for the Company's executive officers. Mr. Hockenbrocht is a non-voting member of the Committee. The Executive Committee, which consisted of Messrs. James N. DeBoer, David W. Hockenbrocht, and Bradley O. Smith, did not meet last year. The Nominating Committee, which consisted of Messrs. David W. Hockenbrocht, David P. Molfenter, and Bradley O. Smith, held two (2) meetings last year. The Nominating Committee reviews the makeup of the existing board of directors and the tenure of its members consistent with appropriate principles of corporate governance and applicable regulations. The Committee also considers and recommends candidates for election to the board consistent with the needs of the Company, regulatory requirements, and the qualifications of the candidates. The Committee is implementing a formal process for consideration of candidates. All directors attended at least 75% of the meetings of the Board and committees on which they serve. Non-employee directors received an annual base retainer of $7,200. Non-employee directors also received $600 for each regularly scheduled Board Meeting, $350 for each committee meeting attended the same day as a regularly scheduled Board Meeting, and $500 for each special Board Meeting. Directors who are employees of the Company are to be paid $500 for each Board Meeting attended. In addition, non-employee directors Messrs. James N. DeBoer, James D. Fast, David P. Molfenter, William I. Noecker, and W. Peter Slusser were awarded stock options for 1,000 shares in fiscal 2003. Richard J. Johns, M.D. was awarded stock options for 3,100 shares in fiscal 2003. In addition to his directors' fees, Mr. Bradley O. Smith is compensated for services rendered as Chairman of the Board of Directors. Such compensation totaled $162,402 for fiscal 2003. Mr. Smith was also awarded stock options for 9,500 shares during the fiscal year ended June 30, 2003, 7,500 of which were subsequently adjusted to 7,875 as a result of the 5% stock dividend distributed on February 18, 2003. In addition to his directors' fees, Richard J. Johns, M.D. received a total of $4,300 for services plus related expenses as a consultant to the Company. Mr. Johns is a consultant to the 7 Company on medical issues related to the regulated medical industry that the Company serves. These services are performed and compensated on an as used basis. CORPORATE GOVERNANCE The Sarbanes-Oxley Act of 2002 was enacted on July 30, 2002. The statute addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. The New York Stock Exchange has proposed corporate governance rules, subsequently amended, that were submitted to the Securities and Exchange Commission for review and approval. These proposed rules specifically address director independence and corporate accountability. The proposed changes are intended to allow stockholders to more easily and efficiently monitor the performance of companies and directors. Sparton's Board of Directors is developing a series of changes to address the requirements. A revised charter for the Audit Committee was filed with the Fiscal 2001 Proxy Statement. The Audit Committee has adopted a policy for pre-approving all services, audit and non-audit, performed by the Independent Auditors. This policy is attached as Appendix A. In addition, the Board of Directors is currently developing charters for the Compensation, Executive, and Nominating Committees. These charters will address issues such as independence of the committee members, committee organization and powers, member qualifications, duties and responsibilities, and Corporate Governance. The Company is formally defining its Corporate Governance policies and practices and their place within the Board's committee structure. Code of Ethics "The Sparton Way" governs the actions and working relationships of Sparton employees, officers and directors. The Sparton Way endorses the highest level of ethical standards, along with addressing other issues such as corporate opportunities, confidentiality, and the protection and proper use of corporate assets. The Company is currently in the process of reviewing and updating its long standing Code of Ethics in light of current regulatory requirements. AUDIT COMMITTEE REPORT The Audit Committee has reviewed and discussed Sparton's audited financial statements for the fiscal year ended June 30, 2003, with management and with Sparton's independent auditors, BDO Seidman, LLP. Management is responsible for Sparton's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of Sparton's consolidated financial statements in accordance with auditing standards generally accepted in the United States and for issuing a report thereon. The Audit Committee has discussed with BDO Seidman, LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, relating to the conduct of the audit. The Audit Committee has received the written disclosures from BDO Seidman, LLP required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees), discussed with BDO Seidman, LLP their independence, and considered the compatibility of non-audit services provided by BDO Seidman, LLP with their independence. Based on the review and discussion described above, the Audit Committee recommended to the Board of Directors that the audited financial statements for the fiscal year ended June 30, 2003, be included in Sparton's Annual Report on Form 10-K for the fiscal year ended June 30, 2003, for filing with the Securities and Exchange Commission. William I. Noecker, Chairman James D. Fast David P. Molfenter 8 RELATIONSHIP WITH INDEPENDENT AUDITORS The Audit Committee recommends, and the Board of Directors selects, independent public auditors for Sparton. In addition to performing the audit of the Company's consolidated financial statements, BDO Seidman, LLP provided various other services during 2003. The Audit Committee has considered the provision of all non-audit services performed by BDO Seidman, LLP with respect to maintaining auditor independence. The Audit Committee reviewed and pre- approved all professional services requested of, and performed by, BDO Seidman, LLP. The Pre-Approval Policy for audit and non-audit services is attached as Appendix A. The aggregate fees billed for fiscal 2003 and 2002 for each of the following categories of services are set forth below: FISCAL 2003 Audit Fees -- The aggregate fees of BDO Seidman, LLP and Ernst and Young, LLP for professional services rendered for the audit of Sparton's annual financial statements for the fiscal year ended June 30, 2003, and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for that fiscal year were $208,000. Audit-related Fees -- The aggregate audit-related fees of BDO Seidman, LLP and Ernst & Young, LLP for professional services rendered, primarily for the audit of the Company's employee benefit plans, for the fiscal year ended June 30, 2003, were $48,000. Tax Fees -- The aggregate fees of BDO Seidman, LLP and Ernst & Young, LLP for tax services, preparation and review, rendered for the fiscal year ended June 30, 2003, were $32,000. All Other Fees -- There were no fees for other services billed by BDO Seidman, LLP or Ernst & Young, LLP for the fiscal year ended June 30, 2003, and there were no Financial Information Systems Design and Implementation services provided. FISCAL 2002 Audit Fees -- The aggregate fees of Ernst and Young, LLP for professional services rendered for the audit of Sparton's annual financial statements for the fiscal year ended June 30, 2002, and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for the fiscal year were $250,000. Audit-related Fees -- The aggregate audit-related fees of Ernst & Young, LLP for professional services rendered, primarily for the audit of the Company's employee benefit plans, for the fiscal year ended June 30, 2002, were $22,000. Tax Fees -- The aggregate fees of Ernst & Young, LLP for tax services, preparation and review, rendered for the fiscal year ended June 30, 2002, were $57,000. All Other Fees -- Fees for additional services billed by Ernst & Young, LLP for the fiscal year ended June 30, 2002, primarily related to Canadian Stock Subscription issues, were $28,000. There were no Financial Information Systems Design and Implementation services provided. COMPENSATION OF EXECUTIVE OFFICERS The following tables provide certain data and information on the compensation of the Company's Chief Executive Officer and its four most highly compensated executive officers (other than the CEO) whose annual salary and bonus exceeded $100,000 (collectively referred to as the "Named Executives"). This report addresses the Company's compensation policies and programs for the fiscal year ended June 30, 2003, the details of which are reflected in the tables 9 set forth in the following pages of this Proxy Statement. The Company's and the Board's policies and practices pertaining to the compensation of executive officers and management have been in effect for a number of years. COMPENSATION COMMITTEE REPORT Decisions on the compensation of the Company's executive officers are monitored by the Board's Compensation Committee. This Committee is composed of three non-employee directors; Messrs. James N. DeBoer, David P. Molfenter and W. Peter Slusser. In addition, Mr. David W. Hockenbrocht, Chief Executive Officer and President, consults as a non-voting member. The Company has long-established policies and practices intended to compensate its salaried employees in a manner that will enable the Company to attract, retain and motivate them to accomplish corporate goals and objectives. These policies and practices encourage management to remain dedicated to the maximization of shareholder value. The Company's compensation program encompasses several elements: cash compensation (including salary and incentive bonus), incentive stock options and defined benefit and defined contribution retirement plans. Reflective of the Company's goal of relating compensation to corporate performance, the incentive bonus compensation plan permits certain executive officers to earn additional compensation if the pre-tax earnings of their operating unit are in excess of an established goal. The performance goals for this plan are reviewed and approved annually by the Compensation Committee. In addition, at the discretion of the Committee, bonuses may be paid in addition to or in lieu of bonuses earned under the incentive bonus plan based on the Committee's evaluation of the employee's individual performance, level of responsibility and experience. During the past fiscal year, discretionary bonuses, as well as bonuses under the incentive bonus compensation plan, were paid. The Committee members, who are non-employee directors, use the same procedures described above in setting the annual salary, bonus, and incentive stock option grants for Mr. David W. Hockenbrocht, the Company's Chief Executive Officer. These Committee members evaluate the performance of Mr. Hockenbrocht at least annually based on both the Company's financial performance and the extent to which the strategic and business goals established for the Company are met. Mr. Hockenbrocht does not have an employment agreement with the Company. Mr. Hockenbrocht's annual base salary for the fiscal year ended June 30, 2003, was $315,000. In addition, Mr. Hockenbrocht was awarded a bonus of $131,890. Mr. Hockenbrocht was also awarded stock options for 35,000 shares of the Company's Common Stock during the fiscal year, 25,000 of which were subsequently adjusted to 26,250 as a result of the 5% stock dividend distributed on February 18, 2003. W. Peter Slusser, Chairman James N. DeBoer David W. Hockenbrocht David P. Molfenter The Executive Compensation Committee Report and Performance Graph set forth herein are not deemed to be soliciting material or to be filed with the Securities and Exchange Commission under the Securities Act of 1933 or the Securities Exchange Act of 1934 or incorporated by reference in any document so filed. COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION Mr. David W. Hockenbrocht, the Company's Chief Executive Officer and President, is a non-voting member of the Compensation Committee and as such participates in establishing compensation for executives of the Company. Mr. Hockenbrocht does not participate in Committee matters involving his personal compensation. 10 EXECUTIVE COMPENSATION SUMMARY COMPENSATION TABLE The Summary Compensation Table shows certain compensation information for the Named Executives for services rendered in all capacities during the fiscal years ended June 30, 2003, 2002, and 2001. LONG TERM COMPENSATION ANNUAL ------------ COMPENSATION SECURITIES ------------------- UNDERLYING ALL OTHER NAME AND PRINCIPAL POSITION FISCAL YEAR SALARY BONUS OPTIONS(1) COMPENSATION -------------------------- ----------- -------- -------- ------------ ------------ David W. Hockenbrocht 2003 $315,000 $131,890 36,250 $35,709(2) Chief Executive Officer 2002 300,000 65,600 47,250 8,143(3) and President 2001 284,767 50,000 42,000 9,565(4) Douglas E. Johnson 2003 163,883 58,983 7,875 4,289(5) Chief Operating Officer and 2002 160,548 47,791 26,250 4,332(5) Executive Vice President 2001 138,091 33,000 10,500 3,452(5) Richard L. Langley 2003 136,400 69,135 8,875 6,777(6) Chief Financial Officer, 2002 131,200 39,967 21,000 6,382(7) Vice President and Treasurer 2001 125,000 25,000 36,750 3,815(8) Michael D. Sobolewski 2003 114,316 15,355 5,750 3,166(5) Vice President, Engineering 2002 110,381 8,749 5,250 1,100(5) 2001 99,384 3,000 -0- 991(5) Charles A. Stranko 2003 106,600 20,472 6,250 3,198(5) Vice President, Corporate Sales 2002 104,982 541 2,625 2,663(5) 2001 100,502 -0- 2,625 1,241(5) -------------- (1) Option information reflects adjustments resulting from the 5% stock dividend distributed on February 18, 2003. (2) Directors' fees of $3,000, Company contribution to defined contribution benefit plan of $5,909, and income from the exercise of stock appreciation rights on options for 32,000 shares of $26,800. (3) Directors' fees of $2,850 plus Company contribution to defined contribution benefit plan of $5,293. (4) Directors' fees of $2,450 plus Company contribution to defined contribution benefit plan of $7,115. (5) Company contributions to the employee's defined contribution benefit plan. (6) Directors' fees of $3,000 plus Company contribution to defined contribution benefit plan of $3,777. (7) Directors' fees of $2,850 plus Company contribution to defined contribution benefit plan of $3,532. (8) Directors' fees of $700 plus Company contribution to defined contribution benefit plan of $3,115. 11 OPTION GRANTS IN LAST FISCAL YEAR INDIVIDUAL GRANTS (1) POTENTIAL REALIZABLE VALUE AT ASSUMED NUMBER OF PERCENT OF TOTAL ANNUAL RATES OF SECURITIES OPTIONS/SAR'S EXERCISE STOCK UNDERLYING GRANTED TO OR PRICE APPRECIATION OPTIONS/SAR'S EMPLOYEES IN BASE PRICE FOR NAME GRANTED(2) FISCAL YEAR(3) PER SHARE EXPIRATION DATE(4) OPTION TERM(5) ---- ------------- --------------- ---------- ----------------- ------------------- 5% 10% ------- -------- David W. Hockenbrocht 26,250 19.49% $8.10 8/23/07 $58,685 $129,914 10,000 7.43 7.93 4/25/13 49,880 126,404 Douglas E. Johnson 7,875 5.85 8.10 8/23/07 17,605 38,974 -0- -0- 7.93 4/25/13 -0- -0- Richard L. Langley 7,875 5.85 8.10 8/23/07 17,605 38,974 1,000 0.74 7.93 4/25/13 4,988 12,640 Michael D. Sobolewski 5,250 3.90 8.10 8/23/07 11,737 25,983 500 0.37 7.93 4/25/13 2,494 6,320 Charles A. Stranko 5,250 3.90 8.10 8/23/07 11,737 25,983 1,000 0.74 7.93 4/25/13 4,988 12,640 -------------- (1) Option information has been adjusted to reflect the 5% stock dividend distributed on February 18, 2003. (2) These options were granted under the Company's Amended and Restated Stock Incentive Plan dated October 24, 2001, and have a five or ten-year term. Options become exercisable cumulatively beginning one year after the date granted, in four equal annual installments. (3) During the fiscal year ended on June 30, 2003, options to purchase an aggregate of 134,650 shares of Common Stock of the Company were granted to various employees and non-employee directors. (4) Options may terminate before their expiration dates if the optionee's status as an employee is terminated, or upon the optionee's death. (5) These columns show the increase in value that could accrue for the respective options, assuming that the market price of Sparton Common Stock appreciates from the date of grant over a 5 or 10 year period at an annualized rate of 5% and 10%, respectively. If stock prices do not increase above the exercise price at the time of exercise, realized value to the Named Executive from these options will be zero. These values do not reflect the Company's estimate of future stock appreciation. OPTION/SAR EXERCISES AND HOLDINGS The following table sets forth information, with respect to the Named Executives, concerning the exercise of stock options or stock appreciation rights ("SARs") during the year and unexercised options held at June 30, 2003. There were no SAR's held as of June 30, 2003. 12 AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES NUMBER OF SECURITIES UNDERLYING VALUE OF UNEXERCISED IN THE UNEXERCISED OPTIONS MONEY OPTIONS AT AT FISCAL YEAR-END(1) FISCAL YEAR-END(L)(2) SHARES ---------------------------- ---------------------------- ACQUIRED VALUE NAME ON EXERCISE REALIZED EXERCISEABLE UNEXERCISEABLE EXERCISEABLE UNEXERCISEABLE ---- ----------- -------- ------------ -------------- ------------ -------------- David W. Hockenbrocht(3)....... -0- $26,800 39,376 86,124 $125,450 $188,745 Douglas E. Johnson...... -0- -0- 13,782 30,843 38,851 67,724 Richard L. Langley...... -0- -0- 29,532 37,093 116,959 103,733 Michael D. Sobolewski... -0- -0- 2,625 8,375 3,438 10,702 Charles A. Stranko...... 1,250 6,325 6,236 9,202 23,372 18,258 --------------- (1) Option information is reflective of the 5% stock dividend distribution on February 18, 2003. (2) The value of unexercised options reflects the increase in market value of the Company's Common Stock from the date of grant through June 30, 2003, when the closing price of the Company's stock was $8.70 per share. The value actually realized upon exercise by the Named Executives will depend on the value of the Company's Common Stock at the time of exercise. (3) Mr. Hockenbrocht exercised stock option appreciation rights on 32,000 shares resulting in a cash distribution of $26,800. No shares were issued. RETIREMENT PROGRAMS The Company maintains a defined benefit retirement plan for domestic employees of the Company which provides for monthly pensions following retirement. During the past year, no cash contributions were made by the Company to the plan as in the judgment of the Company's independent actuaries, the pension plan was fully funded. The plan provides a basic benefit of $2.25 per month for each year of credited service up to a maximum of $90 per month. In addition, for those participants who contributed 5% of their monthly compensation (excluding bonuses) per month, the plan provides for an additional monthly pension amount equal to 1 1/2% of the participant's final five-year average monthly compensation (excluding bonuses) times the participant's years of contributory credited service to a maximum of 30 years. Effective April 1, 2000, the Company amended its defined benefit retirement plan to determine benefits by a cash balance formula. Under the cash balance formula, each participant has a benefit equal to their cash balance account which is credited yearly with 2% of their salary, as well as the interest earned on their previous year-end cash balance. Service under the Company's prior salary-based formula was frozen as of March 31, 2000, and the benefit formula amended to calculate the monthly pension based upon the participant's final five-year average earnings as defined. The following table shows the estimated annual retirement benefits, payable under the prior salary-based formula, in specified remuneration and service classifications upon normal retirement at age 65 (or June 30, 2003, if the individual is currently age 65 or older). The benefits shown are not subject to any deduction for Social Security or other offset amounts. The maximum amount of annual compensation allowed to be included in determining final average 13 compensation has been limited by Federal statute to $200,000 for 2003. This amount is subject to future adjustment by the Internal Revenue Service. FINAL 5-YEAR AVERAGE YEARS OF CONTRIBUTORY AND CREDITED SERVICE AT AGE 65 ANNUAL EARNINGS --- (EXCLUDES BONUSES) 5 10 15 20 25 ------------------- -------- -------- -------- -------- -------- $ 60,000 $ 4,635 $ 9,270 $13,905 $18,540 $23,175 80,000 6,135 12,270 18,405 24,540 30,675 100,000 7,635 15,270 22,905 30,540 38,175 120,000 9,135 18,270 27,405 36,540 45,675 140,000 10,635 21,270 31,905 42,540 53,175 160,000 12,135 24,270 36,405 48,540 60,675 180,000 13,635 27,270 40,905 54,540 68,175 200,000 15,135 30,270 45,405 60,540 75,675 The following Named Executives have years of contributory credited service under the plan as of June 30, 2003, as follows: YEARS OF CONTRIBUTORY OFFICER CREDITED SERVICE ------- -------------------- David W. Hockenbrocht 22.25 Douglas E. Johnson 11.75 Richard L. Langley 13.75 Michael D. Sobolewski -- Charles A. Stranko -- In addition to benefits payable under the salary-based formula of the defined benefit plan, benefits are available under the cash balance formula. Estimated lump sum benefits equal to their cash balance account under the cash balance pension plan upon retirement at age 65 (or June 30, 2003, if the individual is currently age 65 or older) for Messrs. Hockenbrocht, Johnson, Langley, Sobolewski and Stranko are, $13,883, $61,095, $35,416, $160,974, and $98,098 respectively, assuming each Named Executive receives no pay increase and cash balances are credited with interest at a rate of 6% per annum. The Company also maintains a 401(k) defined contribution plan. The Company's matching contribution is 50% of a participants' cash contribution of up to 6% of their wages. The Company's matching cash contribution is directed to be invested in Sparton Common Stock. Contributions paid on behalf of the Named Executives are detailed in the Summary Compensation Table. SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership to the Securities and Exchange Commission (SEC). Officers, directors, and greater than 10% stockowners are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely upon a review of the copies of the forms furnished to the Company, and/or written representations from certain reporting persons, during the fiscal year ended June 30, 2003, the Company believes that all filing requirements applicable to its officers and directors were complied with, except for one late Form 4 for Mr. Charles Stranko (with respect to the exercise of an option and subsequent sale) and one late Form 4 for Mr. William Noecker, reflecting a single transaction in his IRA account. 14 PERFORMANCE GRAPH The following is a line-graph presentation comparing cumulative, five-year shareholder returns, on an indexed basis, of the Company's Common Stock with that of a broad market index (the S&P 500 Composite Index) and the Electronics Component of the NASDAQ. The comparison assumes a $100 investment on June 30, 1998, and the reinvestment of dividends. COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN AMONG SPARTON CORPORATION, S&P INDEX AND INDUSTRY INDEXES (INDEX JUNE 30, 1998 = 100) [GRAPH] NASDAQ S&P 500 INDEX SPARTON CORPORATION ------ ------------ ------------------ 1998 100.00 100.00 100.00 1999 178.00 121.00 72.00 2000 441.00 128.00 50.00 2001 163.00 108.00 83.00 2002 99.00 87.00 108.00 2003 111.00 86.00 105.00 CERTAIN RELATIONSHIPS AND TRANSACTIONS Mr. David W. Hockenbrocht is a member of the Board of Directors of Cybernet Systems, Inc. (Cybernet). The Company receives the Director's fee for the Board Meetings attended by Mr. Hockenbrocht. The Company owns 14% of Cybernet's outstanding common stock. 15 INDEPENDENT AUDITORS In June of 2002, the Board of Directors, including members of the Audit Committee, met to review, among other matters, the accounting and auditing services provided to the Company. After reviewing the subject, it was suggested that as a matter of good corporate practice, the Company solicit proposals for accounting and auditing services for the fiscal year ending June 30, 2003. In October 2002, the Company commenced soliciting proposals from a number of firms, including Ernst & Young LLP, the Company's auditors at that time. The Company received a letter from Ernst & Young LLP, on November 19, 2002, indicating that they resigned as the Company's independent public accountants effective on that date. The reports of Ernst & Young LLP on the Company's financial statements for the fiscal years ended June 30, 2001, and June 30, 2002, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. In connection with the audits of the Company's financial statements for each of the fiscal years ended June 30, 2001, and June 30, 2002, and in the subsequent interim period that ended September 30, 2002, there were no disagreements between the Company and Ernst & Young LLP on matters of accounting principles or practices, financial statement disclosure or auditing scope or procedures which, if not resolved to the satisfaction of Ernst & Young LLP, would have caused Ernst & Young LLP to make reference to such matter in its reports on the financial statements of the Company. In connection with the audits of the Company's financial statements for each of the fiscal years ended June 30, 2001, and June 30, 2002, and in the subsequent interim period that ended September 30, 2002, there were no "reportable events" within the meaning of Item 304(a)(1)(v) of the Securities and Exchange Commission's Regulation S-K. On November 21, 2002, the Company filed on Form 8-K, Item 4 Changes in Registrant's Certifying Accountant, reporting the resignation of its certifying accountant Ernst & Young LLP. The Company's Board of Directors, upon the recommendation of the Audit Committee, engaged BDO Seidman, LLP as of December 20, 2002, as the Company's independent public accountants. On December 20, 2002, the Company filed on Form 8-K, Item 4 Changes in Registrant's Certifying

Accountant, reporting the selection of its new certifying accountant BDO Seidman, LLP. Representatives of BDO Seidman, LLP, the Company's independent auditors, are expected to be present at the Annual Meeting. They 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. SHAREHOLDER PROPOSALS -- 2004 ANNUAL MEETING Shareholder proposals intended to be included in the Proxy Statement and the Proxy for the 2004 Annual Meeting of Shareholders of the Company must be received by the Company not later than May 30, 2004, at its principal executive offices, 2400 East Ganson Street, Jackson, Michigan 49202, Attention: Secretary. Shareholder proposals to be presented at the 2004 Annual Meeting which are not to be included in the Company's Proxy Statement must be received by the Company at this address no later than August 12, 2004. By Order of the Board of Directors -S- Joseph S. Lerczak JOSEPH S. LERCZAK, Secretary Dated: September 26, 2003. 16 APPENDIX A SPARTON CORPORATION PRE-APPROVAL POLICY FOR AUDIT AND NON-AUDIT SERVICES I. STATEMENT OF PRINCIPLES Under the Sarbanes-Oxley Act of 2002, the Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the independent auditors. As part of that responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by its independent auditors in order to ensure that the provision of such services does not impair the auditors' independence from the Company. Unless a type of service to be provided by the independent auditors has received general pre-approval, it will require specific pre-approval by the Audit Committee. For both general and specific pre-approvals of services, the Audit Committee will consider whether such services are consistent with the SEC's rules on auditor independence and whether the independent auditors should be precluded from performing any particular service, even if otherwise permitted by the SEC's independence rules. The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve such services. Section 1 to this Policy describes the Audit, Audit-related, Tax and All Other services that have the general pre-approval of the Audit Committee. The Audit Committee will annually review and pre-approve the services that may be provided by the independent auditor without obtaining specific pre-approval from the Audit Committee, and such services will be considered approved through the next annual review. The Audit Committee will revise the list of general pre-approved services from time to time, based on subsequent determinations. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent auditors to management. II. DELEGATION The Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. Unless otherwise decided, the Chairman of the Audit Committee is delegated with such pre-approval authority. III. AUDIT SERVICES The annual Audit services engagement letter, which incorporates the terms and fees related to Audit, Audit-related and All Other services, as applicable, will be subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in scope, the Company's structure or other matters. In addition to the annual Audit services engagement specifically approved by the Audit Committee, the Audit Committee may grant general pre-approval for other Audit services, which are those services that only the independent auditors reasonably can provide. The Audit Committee has pre-approved the Audit services listed in Section 1. Any other Audit services not listed in Section 1 must be specifically pre-approved by the Audit Committee. IV. AUDIT-RELATED SERVICES Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements or that are traditionally performed by the independent auditors. The Audit Committee believes that the A-1 provision of the Audit-related services does not impair the independence of the independent auditors, and has pre-approved the Audit-related services listed in Section 1. Any other Audit-related services not listed in Section 1 must be specifically pre-approved by the Audit Committee. V. TAX SERVICES The annual Tax services engagement letter, which incorporates the terms and fees related to Tax services, will be subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in scope, the Company's structure or other matters. The Audit Committee believes that the independent auditors can provide Tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditors' independence. However, the Audit Committee will not permit the retention of the independent auditors in connection with a transaction initially recommended by the independent auditors, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported by the Internal Revenue Code and related regulations. The Audit Committee has pre-approved the Tax services listed in Section 1. Any Tax services not listed in Section 1 must be specifically pre-approved by the Audit Committee. VI. ALL OTHER SERVICES The Audit Committee may grant general pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, and would not impair the independence of the independent auditors. The Audit Committee has pre-approved the All Other services listed in Section 1. Any permissible Other services not listed in Section 1 must be specifically pre-approved by the Audit Committee. A list of the SEC's prohibited non-audit services is included in Section 2. The SEC's rules and relevant guidance will be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions. VII. ENGAGEMENT TERMS AND FEE ARRANGEMENTS Engagement terms, including fee arrangements, for all services to be provided by the independent auditors will be approved annually by the Audit Committee. Any proposed changes in terms outside the pre-approved terms will require specific pre-approval by the Audit Committee. VIII. PROCEDURES Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the independent auditors and the Company's Chief Financial Officer and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. Procedures for notification and pre-approval of services for other domestic and international offices and other departments (e.g., tax department) of the independent auditors will be coordinated through the lead domestic audit partner. IX. ADDITIONAL REQUIREMENTS The Audit Committee has determined to take additional measures on an annual basis to meet its responsibilities to oversee the work of the independent auditors and to ensure the auditors' independence from the Company, such as reviewing a formal written statement from the independent auditors describing all relationships between the independent auditors and the A-2 Company, consistent with Independence Standards Board Standard No. 1, and discussing with the independent auditors its methods and procedures for ensuring independence. SECTIONS SPARTON CORPORATION PRE-APPROVAL POLICY FOR AUDIT AND NON-AUDIT SERVICES SECTION 1 The following services do not involve prohibited services as established by the SEC. PRE-APPROVED AUDIT SERVICES - Audit of consolidated financial statements - Quarterly reviews - Agreed-upon procedures report related to the financial assurance letter addressed to the Environmental Protection Agency and the New Mexico Environmental Department - Financial or statutory audits, and quarterly reviews, for the Company's domestic and international subsidiaries and affiliates - Reporting on management's report on internal controls - Services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters, consents), and assistance in responding to SEC comment letters - Consultations by the Company's management as to the accounting or disclosure treatment of transactions or events (including those related to the Company's proposed business ventures) and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard setting bodies (Note: Under the SEC's rules, some consultations may be "audit-related" services rather than "audit" services.) PRE-APPROVED AUDIT-RELATED SERVICES - Internal control reviews and assistance with internal control reporting requirements - Audit and report on the financial statements of the following employee benefit plans: - Sparton Corporation Pension Plan - Sparton Corporation 401(k) Plan - Consultations by the Company's management as to the accounting or disclosure treatment of transactions or events (including those related to the Company's proposed business ventures) and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard setting bodies (Note: Under the SEC's rules, some consultations may be "audit" services rather than "audit-related" services.) - General assistance with implementation of the requirements of SEC rules or listing standards promulgated pursuant to the Sarbanes-Oxley Act or stock exchanges A-3 PRE-APPROVED TAX SERVICES - U.S. federal, state, local and international tax compliance for the Company and its domestic and international subsidiaries and affiliates, including the Company's proposed business ventures - U.S. federal, state, local and international tax planning and advice for the Company and its domestic and international subsidiary and affiliates, including the Company's proposed business ventures Note: Tax compliance generally includes preparation of original and amended tax returns, claims for refunds and tax payment-planning services. Tax planning and tax advice include a range of services such as assistance with tax audits and appeals; tax advice related to mergers and acquisitions; tax advice and assistance regarding statutory, regulatory or administrative developments; tax advice related to employee benefit plans; and requests for rulings or technical advice from taxing authorities. PRE-APPROVED ALL OTHER SERVICES - Business consulting, for other than accounting and tax related matters, with respect to the Company's proposed business ventures SECTION 2 PROHIBITED NON-AUDIT SERVICES - Bookkeeping or other services related to the accounting records or financial statements of the audit client - Financial information systems design and implementation - Appraisal or valuation services, fairness opinions or contribution-in-kind reports - Actuarial services - Internal audit outsourcing services - Management functions - Human resources - Broker-dealer, investment advisor or investment banking services - Legal services - Expert services unrelated to the audit A-4 September 26, 2003 Dear Shareholder, The Annual Meeting of your Company will be held at 10:00 a.m., Eastern Daylight Time, on October 22, 2003. THE MEETING WILL BE HELD AT THE OFFICES OF THE COMPANY'S SUBSIDIARY, SPARTON ELECTRONICS FLORIDA, INC., 5612 JOHNSON LAKE ROAD, DELEON SPRINGS, FLORIDA 32130. At this meeting, we will be electing three directors for a term of three years as set forth in the Proxy Statement. We ask your support by signing, dating and returning the attached proxy card in the postage paid envelope as soon as possible. Your vote is important, regardless of the number of shares that you own. If your shares are held in the name of a bank or brokerage firm, only that firm can execute a proxy on your behalf. Please contact the person responsible for your account with your voting instructions. Very truly yours, /s/ Bradley O. Smith Bradley O. Smith, Chairman -- DETACH PROXY CARD HERE REVOCABLE PROXY SPARTON CORPORATION THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF SPARTON CORPORATION Bradley O. Smith, David W. Hockenbrocht and Joseph S. Lerczak, and each of them, are hereby appointed proxies of the undersigned with full power of substitution, to represent the undersigned at the Annual Meeting of Shareholders of SPARTON CORPORATION on October 22, 2003, at 10:00 a.m., Eastern Daylight Time, and any and all adjournments thereof, and to vote thereat as designated on this Proxy, all the shares of said Corporation which the undersigned would be entitled to vote if personally present. This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder and as described in the Proxy Statement. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AS DESCRIBED IN ITEM 1. The Board of Directors recommends a vote "FOR" the election of the three named nominees. FOR WITHHELD 1. Election of Directors: James N. DeBoer ______ ____________ David W. Hockenbrocht ______ ____________ James D. Fast ______ ____________ 2. To transact such other business as may properly come before the meeting or at any adjournments thereof. SIGNATURE (S) Dated: ----------------- ------------- SIGNATURE (S) Dated: ----------------- ------------- PLEASE NOTE THAT THE COMPANY'S ANNUAL MEETING WILL BE HELD AT THE OFFICES OF THE COMPANY'S SUBSIDIARY, SPARTON ELECTRONICS FLORIDA, INC., 5612 JOHNSON LAKE ROAD, DELEON SPRINGS, FLORIDA 32130. Please sign and date this Proxy exactly as your name(s) appears herein and return in the enclosed envelope, which requires no postage. If executing on behalf of a corporation, minor, etc., sign that name and add signature and capacity of authorized signer. IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE CORPORATION THE EXPENSE OF FURTHER REQUESTS FOR PROXIES TO ENSURE A QUORUM AT THE MEETING. A SELF ADDRESSED, POSTAGE PRE-PAID ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE.