

Media Release

For Immediate Release

Foote part of unique economic development opportunity

Jackson, MI—Foote Health System, Jackson-based Sparton Corporation and Ann Arbor-based Cybernet Medical have joined forces to apply for a Michigan Economic Development Corporation (MEDC) grant. The \$1.9 million grant will allow for the formation of a unique partnership that will help improve care for chronically ill patients -- and help reduce the high cost of care associated with their treatment. The group's grant application has been advanced to the second phase of the MEDC competitive grant process, along with about 130 other grant applications.

The partnership between Foote, Sparton and Cybernet combines the health system's disease management knowledge and Sparton's electronic manufacturing expertise, and Cybernet's MedStar Remote Patient Monitoring products. The three plan to form a company, called TeleHealth Michigan, with the help of the MEDC grant. The three partners are working closely with The Enterprise Group, Jackson's economic development engine.

The grant would be used to form the partnership, develop medical protocols and provide telemonitoring and disease management services to 400 Jackson-area patients in the first year. Services would then be extended to 800 more patients in year two of the grant funding. The cost of the services would be paid for by the grant and patients will incur no costs.

"We see a tremendous opportunity in this partnership to help dramatically impact the lives of chronically ill patients, and to help reduce the costs associated with their care," said Jacalyn Liebowitz, RN, Foote's Vice President of Patient Care. "Early detection of worsening symptoms and timely treatment are critical aspects in the successful management of chronic diseases. We believe TeleHealth Michigan will be able to do that quite effectively."

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At the center of the partnership is an FDA-approved telemonitoring device, called MedStar, which is currently designed and sold by Cybernet Medical and manufactured by Sparton. Foote hopes to expand on the technology a step further by connecting the equipment to a medical call center staffed with healthcare professionals who can interpret a patient's condition based on their readings, and then proactively get involved with the patient's treatment.

"Telemonitoring has been around for several years, and is a proven technology that helps monitor patient vital signs, but no current manufacturer is providing the full continuum of service in terms of interpreting the data and applying disease management protocols. Healthcare providers who currently utilize telemonitoring technology now have to provide their own staff to interpret the data and recommend intervention," said Liebowitz. "TeleHealth Michigan hopes to be able to provide the complete package of services through its three partners. Essentially, Foote becomes the third leg of the stool."

While Sparton Corporation and Cybernet Medical have the equipment and software required to remotely monitor a patient's vital signs, such as glucose levels, blood oxygen levels, and lung air volume, they do not provide the clinical interpretation service.

"We are excited at the possibilities of partnering with Foote. TeleHealth Michigan will enable more healthcare providers to use MedStar to its fullest capabilities," said David Hockenbrocht, President of Sparton Corporation. "We already know we can make a quality monitoring device, but with healthcare staffing an issue all across the nation, many providers want a turnkey service. Foote's clinical expertise will enable us to provide that complete package."

The potential impact of the service is significant. Liebowitz said Michigan health statistics indicate there are 1.2 million people diagnosed with chronic diseases, including diabetes, congestive heart failure and chronic breathing conditions. The United States has more than 30 million chronically ill people. In Michigan alone, the state's Medicare plan provides millions of dollars in care to the chronically ill every year. Foote and its partners are confident that TeleHealth Michigan will be able to significantly improve outcomes for these patients, and reduce care costs if given a chance.

The MEDC grant is designed to assist Michigan businesses in economic development initiatives. The focus of the grant is to create jobs and bring industries to Michigan. Currently, Sparton actually manufactures the MedStar device at a Canadian subsidiary of Sparton Corporation. Hockenbrocht said he would relocate the manufacturing process to Jackson if the grant were approved.

Steve Czarniecki, President of The Enterprise Group, said the TeleHealth Michigan project represents a major economic development opportunity for Jackson, Michigan.

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“The project has all the key ingredients from an economic development perspective. It has a great business plan, proven, business savvy partners and a large, well-defined market. We are very optimistic about the possibilities TeleHealth Michigan has before them,” he said.

Czarnecki has been working with Foote and the other partners in the development of the grant application. Czarnecki said the MEDC grant process is competitive, but he is confident that the TeleHealth Michigan proposal presents a sound, long-term economic development opportunity. He said the fact that the grant has survived the first round of scrutiny is great news.

“Initially we are looking at 78 new medical, manufacturing and technology jobs, with the potential in year five to add 900 jobs to the state. There is no doubt this is a significant proposal.”

The grant was submitted in February. Funding decisions are not expected until June. If grant funding is approved, the three hope to launch the partnership this summer.

About Sparton Corporation

Sparton Corporation (NYSE:SPA) now in its 104th year, provides high mix, low to medium volume electronics contract manufacturing services utilizing six manufacturing locations encompassing over 700,000-sq. ft. along with numerous alliance partner facilities throughout North America and Europe. In addition to strong core surface mount technology (SMT) and plated through-hole (PTH), printed circuit board assembly (PCBA) and complete assembly manufacturing capabilities, Sparton offers a complete range of pre-manufacturing and post-manufacturing services. Pre-manufacturing services include product development, concurrent engineering, design for test (DFT), design for manufacturing (DFM), design for assembly (DFA), printed circuit board design and quick-turn prototyping. Post-manufacturing service range from repair depot, direct ship, distribution management to field support. For more information on Sparton Corporation, visit the company’s website at www.sparton.com or call 518-787-8600.

About Cybernet Medical

Cybernet Medical is focused on changing the way chronic care patients are monitored and diagnosed. Through research funded by NASA, National Institutes of Health and the Defense Advanced Research Projects Agency (DARPA), Cybernet Medical has developed and patented electronic devices, networked databases, and web-based user interfaces for the collection and management of physiological data. For more information on Cybernet Medical, visit the company’s web site at www.cybernetmedical.com or call 734-668-2567.

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About Foote Health System

Foote Health System is a not-for-profit regional healthcare provider serving people in the Michigan counties of Jackson, Hillsdale, Lenawee, Ingham, Calhoun and Washtenaw. The system consists of two hospitals, more than 30 satellite locations providing primary care physician services, urgent care services, diagnostic services and other specialty services. The system features 411 beds, with Foote Hospital as its flagship hospital. Its second hospital, CareLink of Jackson, is a joint venture between Foote Health System and Borgess Health Alliance. CareLink is an acute care specialty hospital. More information on Foote Health System is available at www.footehealth.org or by calling 517-788-4970.