

INVITATION TO OFFER BONDS FOR PURCHASE

dated November 17, 2023,

made by

VALLEY HEALTH SYSTEM

to the Beneficial Owners of

**NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY
REVENUE BONDS**

VALLEY HEALTH SYSTEM OBLIGATED GROUP ISSUE

SERIES 2019

CUSIP Number: 645790NB8

of the maturity and corresponding CUSIP Number listed on the inside cover page hereof for a cash price to be determined by Modified Dutch Auction Procedures based upon Offers at Offer Prices

THIS INVITATION WILL EXPIRE AT 5:00 P.M. EASTERN TIME, ON FRIDAY, DECEMBER 1, 2023, UNLESS EARLIER CANCELED OR EXTENDED AS DESCRIBED HEREIN. TENDERED TARGET BONDS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE. See “TERMS OF THIS INVITATION” herein.

This Invitation to Offer Bonds for Purchase, dated November 17, 2023 (as it may be amended or supplemented, including the cover page, inside cover page and appendix, this “**Invitation**”), is made by Valley Health System, Inc. (“**Valley Health System**”), on behalf of itself and The Valley Hospital, Inc. (“**Valley Hospital**”), with the assistance of Citigroup Global Markets Inc., as Dealer Manager, (the “**Dealer Manager**”), to the beneficial owners (the “**Holders**” or “**Bondholders**”) of the outstanding New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Valley Health System Obligated Group Issue, Series 2019 as described on the inside cover page hereof (the “**Target Bonds**”). Valley Health System is providing the Holders of the Target Bonds with the opportunity to offer to sell all or a portion of their Target Bonds, at a price at or above the minimum price specified by the Bondholder, to Valley Health System for cash purchase by Valley Health System. An offer to sell may be made (i) at an offer price or prices or (ii) on a non-competitive basis by offering to sell Target Bonds without specifying an offer price. Valley Health System may decide to purchase less than all (or none) of the Target Bonds offered to Valley Health System. Should Valley Health System determine to purchase any Target Bonds, there will be a single purchase price (a “**Purchase Price**”) for the Target Bonds. The Purchase Price for the Target Bonds which Valley Health System determines to purchase, if any, will not exceed 100% of par and will be determined by Valley Health System. See “TERMS OF THIS INVITATION – Determination of Purchase Price” for a description of the Modified Dutch Auction Procedure for determining the Purchase Price of the Target Bonds. Each Bondholder is invited by Valley Health System to offer (an “**Offer**”), expressed as a price (an “**Offer Price**”), to sell to Valley Health System for payment in cash, all or part of its beneficial ownership interests in the Target Bonds in **Authorized Denominations** (as defined herein). The Target Bonds, if any, which Valley Health System decides to purchase will be purchased on December 6, 2023, unless such date is extended by Valley Health System, assuming all conditions to the Invitation have then been satisfied or waived by Valley Health System (the “**Settlement Date**”). Accrued but unpaid interest on the Target Bonds, if any, purchased by Valley Health System up to but not including the Settlement Date (the “**Accrued Interest**”) will also be paid on the Settlement Date.

The principal amount of the Target Bonds validly tendered and purchased by Valley Health System pursuant to this Invitation, if any, will not exceed the maximum principal amount for such Target Bonds as set forth on the inside cover page. The total of the Purchase Price of the Target Bonds validly tendered and purchased by Valley Health System pursuant to this Invitation (the “**Aggregate Purchase Price**”) plus Accrued Interest, is expected to be funded from available moneys authorized for such purpose. **The purchase of any Target Bonds tendered pursuant to this Invitation is subject to certain conditions, including, without limitation, the Financing Conditions (as defined herein). See “INTRODUCTION – General” herein.**

TARGET BONDS THAT ARE NOT OFFERED FOR PURCHASE IN RESPONSE TO THIS INVITATION, AS WELL AS TARGET BONDS WHICH VALLEY HEALTH SYSTEM DOES NOT PURCHASE IN RESPONSE TO THIS INVITATION (ALL SUCH TARGET BONDS, THE “UNPURCHASED BONDS”) WILL REMAIN OUTSTANDING. UNPURCHASED BONDS THAT ARE OFFERED BUT NOT PURCHASED BY VALLEY HEALTH SYSTEM WILL BE RETURNED TO THE RESPECTIVE HOLDERS THAT OFFERED SUCH TARGET BONDS. VALLEY HEALTH SYSTEM MAY AT ANY TIME REFUND, REDEEM, DEFEASE, OFFER TO PURCHASE OR EXCHANGE SOME OR ALL OF THE UNPURCHASED BONDS ACCORDING TO THEIR TERMS. See “INTRODUCTION – General” and “– Unpurchased Bonds” herein.

To make an informed decision as to whether, and how, to offer Target Bonds, Holders should read this Invitation in its entirety, including Appendix A, carefully and are advised to consult with their broker, account executive, financial advisor, attorney and/or other appropriate professional (“**Financial Representative**”).

Any Bondholder wishing to offer Target Bonds must follow the procedures for Offers more specifically described herein. Bondholders and their Financial Representatives with questions about this Invitation should contact the Dealer Manager or the Information and Tender Agent. For more information about risks associated with this Invitation, please see “**ADDITIONAL CONSIDERATIONS**” herein.

Key Dates and Times	
<i>All of these dates and times are subject to change. All times are Eastern time. Notices of changes will be sent in the manner provided for in this Invitation.</i>	
Launch Date	November 17, 2023
Expiration Date	5:00 p.m. on December 1, 2023
Notice of Final Results and Acceptance Date	December 4, 2023
Settlement Date	December 6, 2023

The Dealer Manager for this Invitation is <u>Citigroup</u>	The Information and Tender Agent for this Invitation is <u>Globic Advisors Inc.</u>
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BONDS SUBJECT TO THIS INVITATION

Target Bonds Offered for Purchase
Solicited by Modified Dutch Auction Procedures Based Upon Offer Price¹

New Jersey Health Care Facilities Financing Authority
Revenue Bonds
Valley Health System Obligated Group Issue
Series 2019

CUSIP Number²: 645790NB8

Maturity Date (July 1)	Interest Rate	Principal Amount Outstanding	Maximum Principal Amount that may be Accepted for Purchase if Tendered	Offer Price Guidance
2049	3.00%	\$58,095,000	\$58,095,000	\$730.00

¹ A Bondholder may make an Offer to sell Target Bonds in an amount of its' choosing up to the principal amount of Target Bonds owned by the Bondholder expressed as the principal amount of such Target Bonds (in Authorized Denominations) and the Purchase Price for such Target Bonds. An Offer Price shall be expressed in dollars per \$1,000 of the principal amount of the Bonds of such CUSIP being offered. An Offer Price may contain no more than two numbers to the right of the decimal point. Any Offer Price containing more than two numbers to the right of the decimal point will be truncated to two numbers. See "TERMS OF THIS INVITATION – Offers of Target Bonds at an Offer Price."

² CUSIP is a registered trademark of the American Bankers Association. CUSIP Number information herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This information is not intended to create a database and does not serve in any way as a substitute Services. CUSIP Numbers are provided for convenience of reference only. None of Valley Health System, the Dealer Manager, or the Information and Tender Agent nor their respective agents or counsel assumes responsibility for the accuracy of such numbers.

IMPORTANT INFORMATION

*This Invitation and the other information with respect to this Invitation are and will be available from Citigroup Global Markets Inc., as Dealer Manager, (the “Dealer Manager”), and Globic Advisors Inc. (the “Information and Tender Agent”) at <https://emma.msrb.org> and www.globic.com/vhs. Bondholders wishing to offer their Target Bonds for purchase pursuant to this Invitation must follow the procedures described in this Invitation. Valley Health System may cancel, amend or otherwise modify or waive any terms or conditions of this Invitation as described herein. Valley Health System will have no obligation to accept offered Target Bonds for or to purchase Target Bonds offered and accepted for purchase if this Invitation is cancelled or modified, or if any of the other conditions set forth herein are not satisfied. Valley Health System further reserves the right to accept nonconforming Offers of Target Bonds or waive irregularities in any Offer of Target Bonds. The consummation of this Invitation is also subject to certain other conditions as described herein. **TARGET BONDS THAT ARE NOT OFFERED FOR PURCHASE IN RESPONSE TO THIS INVITATION, AS WELL AS TARGET BONDS WHICH VALLEY HEALTH SYSTEM DOES NOT PURCHASE IN RESPONSE TO THIS INVITATION WILL REMAIN OUTSTANDING. UNPURCHASED BONDS THAT ARE OFFERED BUT NOT PURCHASED BY VALLEY HEALTH SYSTEM WILL BE RETURNED TO THE RESPECTIVE HOLDERS THAT OFFERED SUCH TARGET BONDS. VALLEY HEALTH SYSTEM MAY DECIDE AT ANY TIME TO REFUND, REDEEM, DEFEASE, OFFER TO PURCHASE OR EXCHANGE SOME OR ALL OF THE UNPURCHASED BONDS.***

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS INVITATION OR PASSED UPON THE FAIRNESS OR MERITS OF THIS INVITATION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS INVITATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS INVITATION IS NOT BEING EXTENDED TO, AND OFFERS OF TARGET BONDS AND TARGET BONDS TENDERED IN RESPONSE TO THIS INVITATION WILL NOT BE ACCEPTED FROM OR ON BEHALF OF, BONDHOLDERS IN ANY JURISDICTION IN WHICH THIS INVITATION OR SUCH OFFER OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. IN ANY JURISDICTIONS WHERE SECURITIES, “BLUE SKY” OR OTHER LAWS REQUIRE THIS INVITATION TO BE MADE THROUGH A LICENSED OR REGISTERED BROKER OR DEALER, THIS INVITATION SHALL BE DEEMED TO BE MADE ON BEHALF OF VALLEY HEALTH SYSTEM THROUGH THE DEALER MANAGER.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Invitation.

The delivery of this Invitation shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of Valley Health System, since the date hereof. The information contained in this Invitation, including Appendix A, is as of the date of this Invitation only and is subject to change, completion, or amendment without notice.

Valley Health System, the Dealer Manager and the Information and Tender Agent are not responsible (i) for transmitting any offer nor for (ii) the Depository Trust Company (“DTC”) process and Holders’ interactions with DTC and the DTC participants.

The Dealer Manager makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, including Appendix A. The Dealer Manager has not independently verified any of the information contained herein, and assume no responsibility for the accuracy or completeness of any such information.

None of Valley Health System, the Dealer Manager or the Information and Tender Agent makes any recommendation that any Bondholder offer or refrain from offering all or any portion of such Bondholder’s Target Bonds for purchase. Bondholders must make their own decisions and should read this Invitation carefully and consult with their Financial Representative in making these decisions.

Certain statements included in this Invitation constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “forecast,” “plan,” “expect,” “estimate,” “budget” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Valley Health System does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

This Invitation, including Appendix A, contains important information which should be read in its entirety before any decision is made with respect to this Invitation.

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APPENDIX A: EMMA Filing - 2023 3rd Quarter Report for the Quarter Ended September 30, 2023

INVITATION TO OFFER BONDS FOR PURCHASE

dated November 17, 2023,

made by

VALLEY HEALTH SYSTEM

to the Beneficial Owners of

New Jersey Health Care Facilities Financing Authority

Revenue Bonds

Valley Health System Obligated Group Issue

Series 2019

INTRODUCTION

General

This Invitation to Offer Bonds for Purchase, dated November 17, 2023 (as it may be amended or supplemented, including the cover page, inside cover page and appendix, this “**Invitation**”), is made by Valley Health System, with the assistance of Citigroup Global Markets Inc., as Dealer Manager, (the “**Dealer Manager**”), to the beneficial owners (the “**Holders**” or “**Bondholders**”) of Valley Health System’s New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Valley Health System Obligated Group Issue, Series 2019, as described on the inside cover page hereof (the “**Target Bonds**”). Valley Health System is providing the Holders of the Target Bonds with the opportunity to offer to sell all or a portion of their Target Bonds, at a price at or above the minimum price specified by the Bondholder, to Valley Health System for cash purchase by Valley Health System. An offer to sell may be made (i) at an offer price or prices or (ii) on a non-competitive basis by offering to sell Target Bonds without specifying an offer price. Valley Health System may decide to purchase less than all (or none) of the Target Bonds offered to Valley Health System. Should Valley Health System determine to purchase any Target Bonds, there will be a single purchase price (a “**Purchase Price**”) for the Target Bonds at which all Target Bonds will be purchased. The Purchase Price for the Target Bonds which Valley Health System determines to purchase, if any, will not exceed 100% of par. See “TERMS OF THIS INVITATION – Determination of Purchase Price” for a description of the Modified Dutch Auction Procedure for determining the Purchase Price of the Target Bonds. Each Bondholder is invited by Valley Health System to offer (an “**Offer**”), expressed as a price (an “**Offer Price**”), to sell to Valley Health System for payment in cash, all or part of its beneficial ownership interests in the Target Bonds in **Authorized Denominations** (as defined herein). The Target Bonds, if any, which Valley Health System decides to purchase will be purchased on December 6, 2023, unless such date is extended by Valley Health System, assuming all conditions to the Invitation have then been satisfied or waived by Valley Health System (such date being the “**Settlement Date**”). Accrued but unpaid interest on the Target Bonds, if any, purchased by Valley Health System up to but not including the Settlement Date (the “**Accrued Interest**”) will also be paid on the Settlement Date.

Each Bondholder is invited by Valley Health System to offer (an “**Offer**”) to sell to Valley Health System, for payment in cash, all or part of its beneficial ownership interests in the Target Bonds in Authorized Denominations (as defined herein). An Offer may be made at an Offer Price, as described in “TERMS OF THIS INVITATION – Offers of Target Bonds at an Offer Price.” Valley Health System may decide to purchase less than all (or none) of the Target Bonds offered to Valley Health System (see “TERMS OF THIS INVITATION – Determination of Amounts to be Purchased”). Offers must be submitted by 5:00 p.m., Eastern time, on December 1, 2023 (or such later date as Valley Health System may determine, the “**Expiration Date**”). Valley Health System may extend, amend, waive the terms of or otherwise modify this Invitation at any time on or prior to the Expiration Date. Valley Health System may also, at any time prior to the Settlement Date, cancel this Invitation for any reason in Valley Health System’s sole discretion in which case Valley Health System will have no obligation to purchase Target Bonds. See “TERMS OF THIS INVITATION – Extension, Cancellation and Amendment; Changes to Terms” for a description of the right of Valley Health System to extend, cancel, amend, waive the terms of or otherwise modify this Invitation.

The principal amount of the Target Bonds validly tendered and purchased by Valley Health System pursuant to this Invitation, if any, will not exceed the maximum principal amount for such Target Bonds as set forth on the inside cover page hereof (each, a “**Maximum Principal Amount**”) for such Target Bonds. The total of the Purchase Price of the Target Bonds validly tendered and purchased by Valley Health System pursuant to this Invitation (the

“Aggregate Purchase Price”) plus Accrued Interest, is expected to be funded from available moneys authorized for such purpose . **The purchase of any Target Bonds tendered pursuant to this Invitation is subject to certain conditions, including, without limitation, the Financing Conditions (as defined below).**

Notwithstanding any other provision of this Invitation, Valley Health System has no obligation to accept for purchase any tendered Target Bonds, and its obligation to pay for Target Bonds validly tendered (and not validly withdrawn) and accepted pursuant to this Invitation is subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date: (a) the availability of funds authorized for such purpose to (x) fund the Aggregate Purchase Price of all Target Bonds validly tendered and accepted for purchase pursuant to this Invitation plus Accrued Interest and (y) pay all fees and expenses associated with this Invitation; and (b) Valley Health System obtaining satisfactory and sufficient economic benefit as a result of the consummation of this Invitation (collectively, the “*Financing Conditions*”), all on terms and conditions that are in Valley Health System’s best interest. Valley Health System reserves the right, subject to applicable law, to amend or waive any of the conditions to this Tender Offer, in whole or in part, at any time prior to the Expiration Date (as defined herein) or from time to time. This Tender Offer may be withdrawn by Valley Health System at any time prior to the Expiration Date.

In the event that Target Bonds are not accepted for purchase by Valley Health System, or all of the conditions to this Invitation are not satisfied or waived by Valley Health System on or prior to the Settlement Date, any such Target Bonds offered pursuant to this Invitation shall be returned to the Bondholder and remain Outstanding.

TARGET BONDS THAT ARE NOT OFFERED FOR PURCHASE IN RESPONSE TO THIS INVITATION, AS WELL AS TARGET BONDS WHICH VALLEY HEALTH SYSTEM DOES NOT PURCHASE IN RESPONSE TO THIS INVITATION (ALL SUCH TARGET BONDS, THE “UNPURCHASED BONDS”) WILL REMAIN OUTSTANDING. UNPURCHASED BONDS THAT ARE OFFERED BUT NOT PURCHASED BY VALLEY HEALTH SYSTEM WILL BE RETURNED TO THE RESPECTIVE HOLDERS THAT OFFERED SUCH TARGET BONDS. VALLEY HEALTH SYSTEM MAY AT ANY TIME REFUND, REDEEM, DEFEASE, OFFER TO PURCHASE OR EXCHANGE SOME OR ALL OF THE UNPURCHASED BONDS ACCORDING TO THEIR TERMS. See “– Unpurchased Bonds” herein.

Purpose

This Invitation is being issued as part of a plan of finance to use available funds to effect the retirement of the Target Bonds by purchasing them pursuant to this Invitation. Valley Health System and Valley Hospital have to date purchased \$1,305,000 of captioned bonds on the open market for cancellation. Valley Health System and Valley Hospital have determined that \$58,095,000 of the Target Bonds remain outstanding and deem it beneficial to engage in a process to solicit the purchase of these Target Bonds for cancellation at prices that might be greater than their current market prices. Valley Health System and Valley Hospital have previously approved such purchases in the greatest amount deemed feasible and possible, provided, however, that premiums for purchases shall not exceed eight percent (8.00%) above then-current market prices.

The final decision to purchase Target Bonds, and, if less than all of the Target Bonds that are tendered are purchased, which Target Bonds will be accepted for purchase by Valley Health System will be based upon market conditions and Offer Prices and other factors outside of the control of Valley Health System.

Offer Price Guidance

Based on market conditions as of November 17, 2023, Valley Health System expects to accept all offers up to the Maximum Principal Amounts with Offer Prices equal to or less than the Offer Price Guidance shown on the inside cover page hereof (the “**Offer Price Guidance**”). Valley Health System will review all Offers and may, in its sole discretion, determine a Purchase Price which is greater than, less than or equal to the Offer Price Guidance.

Binding Contract to Sell

If a Bondholder's Offer is accepted by Valley Health System by the time specified herein, the Bondholder will be obligated to sell, and Valley Health System will be obligated to purchase, such Target Bonds on the Settlement Date at the Purchase Price for such Target Bonds, plus Accrued Interest, subject to the conditions described herein.

Sources of Funds to Purchase Target Bonds

The Aggregate Purchase Price, plus Accrued Interest, is expected to be funded from available funds authorized and set aside for such purpose.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to Valley Health System, the Dealer Manager, or the Information and Tender Agent in connection with this Invitation, Offers or consummation of accepted Offers. However, Bondholders should confer with the financial representative which maintains the account in which their Target Bonds are held to determine whether it will charge any commissions or fees.

Unpurchased Bonds

Unpurchased Bonds will continue to be outstanding, and payable and secured, pursuant to their terms. Unpurchased Bonds that are offered but not purchased by Valley Health System will be returned to the respective Holders of such offered Target Bonds. Holders of Unpurchased Bonds will continue to bear the risk of ownership of such Unpurchased Bonds.

For certain recent financial information concerning Valley Hospital, see the 2023 3rd Quarter Report for the Quarter Ended September 30, 2023 and attached hereto as Appendix A, which was filed with EMMA (as hereinafter defined) on November 8, 2023. Bondholders must read the entirety of this Invitation, including Appendix A, in order to make an informed decision.

Valley Health System may in the future redeem, refund (on an advance or current basis), or defease, all or any portion of the Unpurchased Bonds or may invite Holders to tender such Target Bonds for purchase by Valley Health System. See "ADDITIONAL CONSIDERATIONS."

Dealer Manager, Information and Tender Agent

Citigroup Global Markets Inc. is the Dealer Manager, for this Invitation. Investors with questions about this Invitation should contact the Dealer Manager or Globic Advisors Inc., which serves as Information and Tender Agent for this Invitation, at the addresses and telephone numbers set forth on the page preceding Appendix A. See "DEALER MANAGER" and "INFORMATION AND TENDER AGENT" herein.

TERMS OF THIS INVITATION

Expiration Date

Valley Health System's invitation to submit Offers will expire at 5:00 p.m., Eastern time, on the Expiration Date. Holders tendering Target Bonds must follow the procedures more specifically described herein. Target Bonds offered after 5:00 p.m., Eastern time, on the Expiration Date and prior to the acceptance of Offers by Valley Health System as described below under the heading "Irrevocability of Offers; Return of Target Bonds Not Purchased" may be accepted by Valley Health System, in its sole discretion, for purchase.

Valley Health System may extend the Expiration Date, the Acceptance Date, (each as defined herein) or the Settlement Date, or cancel, amend or otherwise modify or waive any conditions of this Invitation. See "Extension, Cancellation and Amendment; Changes to Terms."

Offers Only Through Valley Health System's DTC ATOP Account

The Target Bonds are all held in book-entry-only form through the facilities of The Depository Trust Company (“DTC”) and banks, brokers and other institutions that are participants in DTC. Valley Health System, through the Information and Tender Agent, will establish an Automated Tender Offer Program (“ATOP”) account (the “DTC ATOP account”) at DTC for the Target Bonds to which this Invitation relates promptly after the date of this Invitation.

All Offers must be made through Valley Health System's ATOP account. Valley Health System will not accept any Offers that are not made through the DTC ATOP account. As a result, Holders who are not DTC participants can only make Offers through the financial institution that maintains the DTC account in which their Target Bonds are held. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS INVITATION.

Any financial institution that is a participant in DTC may make a book-entry tender of the Target Bonds by causing DTC to transfer such Target Bonds into the DTC ATOP account relating to this Invitation and the applicable maturity and CUSIP Number in accordance with DTC's procedures for such transfer. Bondholders who are not DTC participants can only tender Target Bonds pursuant to this Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Target Bonds through the DTC ATOP account. To ensure a Bondholder's Target Bonds are tendered to the DTC ATOP account by 5:00 p.m., Eastern time, on the Expiration Date, the Bondholder must provide instructions to the Bondholder's Financial Representative in sufficient time for the Financial Representative to tender the Target Bonds to the DTC ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Target Bonds to the DTC ATOP account by 5:00 p.m., Eastern time, on the Expiration Date.

VALLEY HEALTH SYSTEM, THE DEALER MANAGER, AND THE INFORMATION AND TENDER AGENT ARE NOT RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED TARGET BONDS TO THE DTC ATOP ACCOUNT OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED TARGET BONDS.

Information to Bondholders

Valley Health System may give information about this Invitation to the market and Bondholders by delivery of the information to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (“EMMA”) and DTC (collectively referred to herein, together with the EMMA website and the Information and Tender Agent, as the “Information Services.”). Additionally, Valley Health System may give information about this Invitation to the Information and Tender Agent. The Information and Tender Agent will deliver information provided to it by Valley Health System through its website, www.globic.com/vhs. Delivery of information by or on behalf of Valley Health System to the Information Services will be deemed to constitute delivery of this information to each Bondholder.

Valley Health System, the Dealer Manager, and the Information and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of Valley Health System to the Information Services may receive such information from the Dealer Manager or the Information and Tender Agent by contacting them using the contact information under the heading “MISCELLANEOUS” below.

Any updates to this Tender Offer, will be distributed through the Information Services.

Authorized Denominations

A Bondholder may submit one or more Offers to sell Target Bonds that it owns in an amount of its choosing, not to exceed the principal amount of such Target Bonds owned by the Bondholder, but in a principal amount equal to \$5,000 or any integral multiple thereof (“**Authorized Denominations**”).

Accrued Interest

In addition to the Purchase Price of the Target Bonds purchased by Valley Health System pursuant to this Invitation, Accrued Interest on such Target Bonds from the last payment of interest thereon to but not including the Settlement Date will be paid by, or on behalf of, Valley Health System from available funds authorized for such purpose the tendering Bondholders on the Settlement Date.

Provisions Applicable to All Offers

Need for Advice. A Bondholder should ask its Financial Representative for help in determining: (a) whether to offer Target Bonds for purchase, (b) the principal amount of Target Bonds to be offered for purchase, and (c) the Offer Price at or above that which such Target Bonds are offered to be sold to Valley Health System. Valley Health System, the Dealer Manager, and the Information and Tender Agent will not charge any Bondholder for submitting Offers or tendering Target Bonds.

Need for Specificity of Offer. No Offer of Target Bonds may exceed the principal amount of Target Bonds owned by the Bondholder and must include (a) the CUSIP Number being offered and (b) the principal amount of the Target Bonds being offered for purchase (such principal amount must be stated in Authorized Denominations and if not so stated, for Offers to sell less than all of the Bondholder’s position in the Target Bonds, such principal amount will be reduced to the greatest integral multiple of \$5,000). Any Bondholder located outside of the United States should check with its Financial Representative to determine if there are any additional minimal increments, alternative settlement timing or other limitations. See “– Offers of Target Bonds at an Offer Price” for additional information.

No “all or none”, alternative, conditional or contingent Offers will be accepted.

ALL OFFERS FOR PURCHASE MUST BE MADE THROUGH THE DTC ATOP ACCOUNT. VALLEY HEALTH SYSTEM WILL NOT ACCEPT ANY OFFERS FOR PURCHASE THAT ARE NOT MADE THROUGH THE DTC ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS TENDER OFFER. See “TERMS OF THIS INVITATION– Tender of Target Bonds through Financial Institutions; DTC ATOP Account” herein.

General. By offering to sell Target Bonds pursuant to this Invitation, a Bondholder represents and agrees with Valley Health System as set forth under “– Representations by Tendering Bondholders to Valley Health System.” All Offers shall survive the death or incapacity of the tendering Bondholder. All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders who would like to receive information furnished by Valley Health System to the Information Services can review the EMMA website or the website of the Information and Tender Agent at www.globic.com/vhs, or otherwise must make appropriate arrangements with their financial representatives or the Information and Tender Agent.

Offers of Target Bonds at an Offer Price

A Bondholder may make an Offer to sell Target Bonds in a principal amount of its choosing (in authorized denominations only), at a price of its choosing (an "Offer Price") expressed in dollars per \$1,000 of the principal amount of the Bonds of such CUSIP being offered. An Offer Price may contain no more than two numbers to the right of the decimal point. Any Offer Price containing more than two numbers to the right of the decimal point will be truncated to two numbers.

For a description of how the Purchase Price will be determined and how the Purchase Price for the Target Bonds will be determined based on the Purchase Price, see “– Determination of Purchase Price.”

A Bondholder may make Offers to sell portions (in Authorized Denominations) of Target Bonds at more than one Offer Price or without an Offer Price so long as all of such Offers in aggregate do not exceed the principal amount of such Target Bonds owned by that Bondholder. Offers at differing Offer Price or without an Offer Price as a Non-Competitive Offer for Target Bonds must each be submitted separately.

Non-Competitive Offers without an Offer Price

A Bondholder may also make an offer to sell all or a portion of their Target Bonds in a par amount of Authorized Denominations by offering these Target Bonds without specifying an Offer Price (a “**Non-Competitive Offer**”) or a portion of their Target Bonds as a Non-Competitive Offer and a portion or portions with Offer Prices as described in the prior section. Offers will be accepted for purchase at the Purchase Price paid for all Target Bonds. Pursuant to “– Priority of Purchases,” non-competitive Offers will have the highest priority of offered Target Bonds to be purchased by Valley Health System.

For a description of how the Purchase Price for the Target Bonds will be determined, see “– Determination of Purchase Price.”

Representations by Tendering Bondholders to Valley Health System

By offering to sell and tendering Target Bonds for purchase pursuant to this Invitation, each tendering Bondholder represents to and agrees with Valley Health System that:

(a) the Bondholder has received this Invitation and has had the opportunity to review this Invitation, in its entirety, including certain financial information for Valley Hospital contained in its 3rd Quarter Report for the Quarter Ended September 30, 2023 which was posted to EMMA on November 8, 2023, attached hereto as Appendix A, prior to making its decision to submit an Offer to tender Target Bonds, and agrees if its Offer is accepted by Valley Health System with respect to any Target Bonds, it will be obligated to sell such Target Bonds on the terms and conditions set forth in this Invitation, and if the purchase of any tendered Target Bonds is consummated, the purchase of such Target Bonds shall be on the terms and conditions set forth in this Invitation;

(b) the Bondholder has full power and authority to offer to tender, sell, assign and transfer the tendered Target Bonds; and if its Offer is accepted by Valley Health System with respect to any Target Bonds, on the Settlement Date, Valley Health System will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the Purchase Price for such Target Bonds plus Accrued Interest;

(c) the Bondholder has made its own independent decision to offer and tender its Target Bonds for purchase pursuant to this Invitation, and as to the terms thereof, and such decision is based upon the Bondholder’s own judgment and upon advice from such advisors with whom the Bondholder has determined to consult;

(d) the Bondholder is not relying on any communication from Valley Health System, the Dealer Manager or the Information and Tender Agent as investment advice or as a recommendation to offer and tender the Bondholder’s Target Bonds, it being understood that the information from Valley Health System, the Dealer Manager and the Information and Tender Agent related to the terms and conditions of this Invitation made pursuant to this Invitation shall not be considered investment advice or a recommendation to offer and tender Target Bonds; and

(e) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Invitation and the Bondholder’s Offer.

Tender of Target Bonds through Financial Institutions; DTC ATOP Account

Valley Health System, through the Information and Tender Agent, will establish the DTC ATOP account for purposes of this Invitation within three Business Days (as defined below) after the date of this Invitation. Offers to

sell Target Bonds in accordance with this Invitation may be made to Valley Health System through the DTC ATOP account. Any financial institution that is a participant in DTC may make a book-entry Offer of the Target Bonds by causing DTC to transfer the applicable Target Bonds into the DTC ATOP account in accordance with DTC's procedures. Concurrently with the delivery of Target Bonds through book-entry transfer into the DTC ATOP account, an Agent's Message (defined below) in connection with such book-entry transfer must be transmitted to and received at the DTC ATOP account by not later than 5:00 p.m., Eastern time, on the Expiration Date (as this date may have been changed pursuant to this Invitation).

The confirmation of a book-entry transfer into the DTC ATOP account as described above is referred to herein as a "**Book-Entry Confirmation.**" The term "**Agent's Message**" means a message transmitted by DTC to, and received by, the DTC participant and forming a part of the Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering the Target Bonds that are the subject of such Book-Entry Confirmation, and stating (1) the CUSIP Number, series, principal amount of the Target Bonds that have been offered by such participant pursuant to this Invitation, and offered based on an Offer Price (in the case of a competitive offer) and (2) that such participant on behalf of the related Holder agrees to be bound by the terms of this Invitation. For operational purposes related to the DTC ATOP account only (and not indicative of any Purchase Price guidance from Valley Health System or any other party related to this Invitation), the DTC ATOP account will be calibrated to accept Offers for Target Bonds based upon Offer Prices in increments of \$0.01 with DTC's ATOP system able to accept Offers submitted within a range with the maximum possible Offer Price of \$2,000.00 and with a minimum Offer Price of \$200.00 in increments of \$0.01.

Target Bonds delivered into DTC's ATOP account must be in an amount expressed as the principal amount of such Target Bonds of its choosing (in Authorized Denominations). An Offer Price for the Target Bonds must be expressed in dollars per \$1,000 of principal amount and contain no more than two numbers to the right of the decimal point. Any Offer Price for the Target Bonds containing more than two numbers to the right of the decimal point will be truncated to two numbers, without rounding.

In order to ensure accurate receipt of each Bondholder's intended Offer Price, and any subsequent dissemination of funds, participants in DTC must submit an individual "voluntary offering instruction" for each Beneficial Owner wishing to submit one or more Offers. Should a Bondholder offer Target Bonds at a variety of Offer Prices, a unique voluntary offering instruction for each Offer Price, as applicable, must be submitted. The date and the time of submission of Target Bonds for purchase will be determined by the date and time at which Target Bonds are submitted into DTC'S ATOP account.

"**Business Day**" means a DTC business day, which is any day other than (i) a Saturday or a Sunday, or (ii) a day on which the offices of Valley Health System or banking institutions in New York, New York, are required or authorized by law to be closed.

VALLEY HEALTH SYSTEM, THE DEALER MANAGER, AND THE INFORMATION AND TENDER AGENT ARE NOT RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED TARGET BONDS TO VALLEY HEALTH SYSTEM'S ATOP ACCOUNT OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED TARGET BONDS.

Determinations as to Form and Validity of Offers; Right of Waiver

All questions as to the validity (including the time of receipt at the DTC ATOP account), form, eligibility, and acceptance of Offers will be determined by Valley Health System in its sole discretion, and will be final, conclusive and binding on the Holders.

Valley Health System reserves the right to waive any irregularities or defects in any Offer. Valley Health System, the Dealer Manager and the Information and Tender Agent are not obligated to give notice to the Holders of any defects or irregularities in Offers, and they will have no liability for failing to give such notice.

Valley Health System reserves the absolute right to reject any and all Offers, whether or not they comply with the terms of this Invitation.

Amendments and Withdrawals of Offers Prior to Expiration Date

A Holder may amend its Offer by causing a withdrawal message for the Offer to be received at the DTC ATOP account with a new Offer for the same Target Bonds to be submitted to the DTC ATOP account by not later than 5:00 p.m., Eastern time, on the Expiration Date.

A Holder may withdraw its Offer by causing a withdrawal notice to be received at the DTC ATOP account by not later than 5:00 p.m., Eastern time, on the Expiration Date.

Any amendment or withdrawal must be submitted in substantially the same manner as an Offer in response to this Invitation. *All amendments or withdrawal notices must be made through the DTC ATOP account. Valley Health System will not accept any amendments or withdrawals that are not made through the DTC ATOP account.* Holders who are not DTC participants can only amend or withdraw their Offer by making arrangements with and instructing their DTC participant to submit the Holder's amended Offer or the Holder's notice of withdrawal through the DTC ATOP account.

Bondholders who have tendered their Target Bonds for purchase will not receive any information from Valley Health System, the Dealer Manager or the Information and Tender Agent concerning Offers by other Bondholders. Offering Bondholders will not be afforded an opportunity to amend their offers after 5:00 p.m. on the Expiration Date. An amended or withdrawn offer must specify the applicable CUSIP Number, and with respect to amended offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by Valley Health System in its sole discretion and will be final, conclusive and binding.

Irrevocability of Offers; Return of Target Bonds Not Purchased

All Offers will become irrevocable at 5:00 p.m., Eastern time, on the Expiration Date, subject to change as set forth in “– Extension, Cancellation and Amendment; Changes to Terms.”

Valley Health System does not have the option to use a “Second Look.” Bondholders will not have the ability to submit amended offers after the Expiration Date.

Valley Health System will instruct DTC to return to the offering institutions those Target Bonds that were offered but were not accepted for purchase. None of Valley Health System, the Dealer Manager or the Information and Tender Agent is responsible or liable for the return of Target Bonds to offering institutions or Bondholders or for when such Target Bonds are returned.

Determination of Amounts to be Purchased

Valley Health System is not required to purchase any Target Bond offered. Valley Health System will determine which Target Bonds, if any, it will purchase. Valley Health System therefore has the right to purchase none, some, or all of the offered Target Bonds, up to the applicable Maximum Principal Amount.

On December 4, 2023, unless such date is extended by Valley Health System (the “**Acceptance Date**”), Valley Health System will make a determination of the principal amount of Target Bonds that it wishes to purchase (such principal amount, a “**Purchased Amount**”). Notice of the Purchase Price for such Target Bonds (if any) that Valley Health System will purchase will be provided to the Information Services on the Acceptance Date. Valley Health System will determine the amount, if any, of Target Bonds that it purchases as specified on the Acceptance Date based on its determination of the economic benefit from such purchase. Notice of the Purchased Amount, the Principal Amount of all Target Bonds (if any) to be purchased, the Purchase Price for the Target Bonds (if any) that Valley Health System will purchase, and if relevant, allocation of the final Purchased Amount to each sinking fund redemption requirement will be provided to the Information Services on the Acceptance Date. See “– Final Notice of Acceptance.”

For a description of how the Purchase Price for the Target Bonds will be determined, see “– Determination of Purchase Price.” For information on the order of priority in which accepted Offers will be accepted, see “– Priority of Purchases.”

Determination of Purchase Price

There will be a single purchase price (not including Accrued Interest), expressed in dollars per \$1,000 principal amount (a "Purchase Price"), determined as described in this section, for the Target Bonds that the Valley Health System decides to purchase. The Purchase Price for the Target Bonds that Valley Health System decides to purchase will be determined by Valley Health System by a "Modified Dutch Auction Procedure" described in the following paragraph.

Under the procedure, if Valley Health System elects to purchase Bonds that is the subject of Offers, Valley Health System will choose a Purchase Price for Target Bonds by 5:00 p.m. on the first business day (currently December 4, 2023) after the Expiration Date. The Purchase Price for Target Bonds does not have to be based on any Offer Price received, but may be whatever price Valley Health System decides. Target Bonds offered at Offer Prices at or below the Purchase Price established by Valley Health System will be purchased at that Purchase Price. In addition, Target Bonds offered without specifying an Offer Price will be purchased at the Purchase Price, if any Target Bonds offered at an Offer Price are purchased or if the Bondholder fails to withdraw its Offer as described below.

If Valley Health System chooses a Purchase Price for Target Bonds that is below the lowest Offer Price submitted, or if all the Target Bonds offered are offered without specifying an Offer Price, Bondholders who made offers to sell such Bonds without specifying an Offer Price may direct the financial institutions that hold their Bonds to withdraw their original Offer. To be effective, such withdrawal must be received at the applicable ATOP Account prior to 5:00 p.m. on the second business day following the Expiration Date. Any Bondholders who have not withdrawn their Bonds by that date and time will be deemed to have accepted the Purchase Price, and its Offer will be deemed accepted. Any Bondholder who may be unable to receive notice of the Purchase Price or to act on its right of withdrawal should make arrangements for someone else to act on its behalf.

Valley Health System will provide notice of the Purchase Price for the Target Bonds on the Acceptance Date (see “– Determination of Amounts to be Purchased” and “– Final Notice of Acceptance”).

Priority of Purchases

Offers to sell Target Bonds Number pursuant to this Invitation that are accepted by Valley Health System, if any, will be accepted in the following order of priority, such that the aggregate principal amount of Target Bonds accepted for purchase does not exceed the Purchased Amount of Target Bonds:

- The Target Bonds to be accepted for purchase will be Target Bonds offered without Offer Price (i.e., Non-Competitive Offers). If fewer than all such Target Bonds are accepted for purchase, Non-Competitive Offers will be accepted on a pro rata basis reflecting the ratio of (a) the Purchased Amount divided by (b) the total principal amount of Non-Competitive Offers.
- The Target Bonds to be accepted for purchase will then be selected by order of the lowest offer prices to the highest offer prices.
- If all Target Bonds at a particular price are not accepted, offers will be accepted on a pro rata basis reflecting the ratio of (a) the Purchased Amount less Target Bonds accepted pursuant to the above bullets divided by (b) the total principal amount of offers at the Purchase Price.
- If, as a result of any pro rata acceptance, Valley Health System would be required to return a principal amount of Target Bonds that is not equal to an Authorized Denomination, Valley Health System will round down the principal amount of Target Bonds to be accepted from such affected Bondholder so that the principal amount of its Target Bonds returned will be equal to an Authorized Denomination. All such determinations and allocations will be final and binding.

- If the funds are not available, no Target Bonds will be purchased and all Target Bonds will be returned to the respective Holders that offered such Target Bonds and such Target Bonds will remain outstanding (see “General” herein).

Notice of Acceptance

All Offers will become irrevocable as of 5:00 p.m., Eastern time, on the Expiration Date, subject to change as set forth in “– Extension, Cancellation and Amendment; Changes to Terms.”

On the Acceptance Date, Valley Health System will make a determination of the Purchased Amount of Target Bonds that it wishes to purchase from among those Target Bonds and, if relevant, allocation of the Purchased Amount to each sinking fund redemption requirement of the Target Bonds. Notice of the Purchased Amount and the aggregate principal amount of all Target Bonds to be purchased will be provided to the Information Services on the Acceptance Date (the “**Notice of Acceptance**”). This notification will state the Purchase Price and Purchased Amount of the Target Bonds that Valley Health System has agreed to purchase, which may be zero, and the Purchase Price and Purchase Price for the Target Bonds (if any) that Valley Health System will purchase.

If, as of the Acceptance Date, Valley Health System accepts any Offer, the accepted Offer will constitute an irrevocable agreement by the offering Bondholder to sell and Valley Health System to purchase such Target Bonds, subject to satisfaction or waiver of all conditions to Valley Health System’s obligation to purchase tendered Target Bonds. Notwithstanding the prior sentence, Valley Health System may cancel this Invitation at any time prior to the Settlement Date. Valley Health System will have no obligation to purchase Target Bonds if this Invitation is canceled. See “– Extension, Cancellation and Amendment; Changes to Terms.”

Settlement Date; Purchase of Target Bonds

Subject to satisfaction of all conditions to Valley Health System’s obligation to purchase Target Bonds Offered and accepted for purchase pursuant to this Invitation, as described herein, including, without limitation, the Financing Conditions, on the Settlement Date, Valley Health System will purchase and pay for all Target Bonds validly tendered for sale to Valley Health System pursuant to accepted Offers, at the applicable Purchase Price, plus Accrued Interest and the tendering Bondholders will sell such Target Bonds to Valley Health System for such consideration.

If the conditions to Valley Health System’s obligation to purchase Target Bonds are satisfied or waived, Valley Health System will pay the Aggregate Purchase Price, plus Accrued Interest, in immediately available funds on the Settlement Date by deposit of such amount with DTC. Valley Health System expects that, in accordance with DTC’s standard procedures, DTC will transmit amounts sufficient to purchase the tendered Target Bonds at the Purchase Price in immediately available funds to its participant financial institutions that hold such tendered Target Bonds for delivery to the Bondholders. **None of Valley Health System, the Dealer Manager or the Information and Tender Agent has any responsibility or liability for the distribution of such amounts by DTC or its participant financial institutions to Bondholders.**

Extension, Cancellation and Amendment; Changes to Terms

Valley Health System may extend this Invitation by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Expiration Date, or any prior extension thereof. Notice of an extension of the Expiration Date will be effective when such notice is given.

Valley Health System may extend the Acceptance Date and/or the Settlement Date by notice given to the Information Services at any time but no later than the first Business Day following the previously scheduled Acceptance Date and/or Settlement Date, as applicable, or any prior extension thereof. Notice of an extension of the Acceptance Date and/or the Settlement Date will be effective when such notice is given.

Valley Health System may amend, waive the terms of or otherwise modify this Invitation at any time on or prior to the Expiration Date, by giving notice to the Information Services of such amendment, waiver or other modification. The amendment, waiver or modification will be effective at the time specified in such notice.

Valley Health System may, at any time prior to the Settlement Date, cancel this Invitation for any reason in Valley Health System's sole discretion by giving notice to the Information Services of such cancellation. Valley Health System will have no obligation to purchase Target Bonds if cancellation of this Invitation occurs or if Valley Health System fails to accept Offers.

If Valley Health System amends, modifies or waives any of the terms or conditions of this Invitation in any respect, Valley Health System may (but is not required to) disseminate additional Invitation materials and extend this Invitation to the extent required to allow, in Valley Health System's judgment, reasonable time for dissemination to Holders and for Holders to respond.

No extension or amendment or other modification or waiver of the terms or conditions of this Invitation will change Valley Health System's right to decline to purchase Target Bonds without liability on the conditions stated herein or give rise to any liability of Valley Health System or the Information and Tender Agent to any Holder or nominee.

ADDITIONAL CONSIDERATIONS

In deciding whether to submit an Offer in response to this Invitation, each Bondholder should consider carefully, in addition to the other information contained in this Invitation, the following:

Unpurchased Bonds. Holders of Unpurchased Bonds will continue to hold such Unpurchased Bonds and such Unpurchased Bonds will remain outstanding. See "INTRODUCTION – Unpurchased Bonds" herein.

Future Refunding or Tender. Valley Health System may in the future refund (on an advance or current basis), or defease, all or any portion of the Unpurchased Bonds or may invite Holders to tender such Target Bonds for purchase by Valley Health System. Accordingly, it is possible that such Target Bonds would be redeemed or purchased at a more or less advantageous price than will be available through this Invitation sometime in the future as part of another transaction.

Market for Target Bonds. The Target Bonds are not listed on any national or regional securities exchange. To the extent that the Target Bonds are traded, their prices may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders may be able to sell Target Bonds at a price greater than the Purchase Price(s).

Ratings. As of the date of this Invitation, the Target Bonds are rated "A" by S&P Global Ratings and "A+" by Fitch Ratings Inc. The ratings of the Target Bonds by each rating agency reflect only the views of such organization and any desired explanation of the significance of such ratings and any outlooks or other statements given by such rating agency with respect thereto should be obtained from such rating agency.

There is no assurance that the current ratings assigned to the Target Bonds will continue for any given period of time or that any of such ratings will not be revised upward or downward, suspended or withdrawn entirely by any rating agency. Any such upward or downward revision, suspension or withdrawal of such ratings may have an effect on the availability of a market for or the market price of the Target Bonds. Each Bondholder should review these ratings and consult with its Financial Representatives concerning them.

Financing Timetable. There is currently an approximately one Business Day period between the Expiration Date and the date on which Valley Health System will determine the Target Bonds that it will accept for purchase. Bondholders that tender their Target Bonds will not be able to sell or otherwise dispose of their Target Bonds so tendered during this time period, even if their Target Bonds are not initially or ultimately accepted for purchase by Valley Health System.

Certain Potential Effects of this Invitation on Target Bonds Not Purchased pursuant to this Invitation.

The purchase of Target Bonds by Valley Health System may have certain potential adverse effects on owners of Unpurchased Bonds, including that the principal amount of the Unpurchased Bonds available to trade publicly will be reduced, which could adversely affect the liquidity and market value of the Unpurchased Bonds.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

Valley Health System specifically makes no representations as to the accuracy or completeness of the information contained under this heading. BONDHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE, LOCAL OR FOREIGN TAX CONSEQUENCES FOR TENDERING TARGET BONDS.

The following is a general summary of the U.S. federal income tax consequences for tendering Bondholders. No assurances can be given that future changes in U.S. federal income tax laws will not alter the conclusions reached herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in the Target Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws. Tendering Bondholders should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS"), and no assurance can be given that the IRS will not take contrary positions, with respect to any of the U.S. federal income tax consequences discussed below. This U.S. federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by Valley Health System or any of its advisors or agents to the Bondholders, and Bondholders therefore should not rely upon such discussion.

BONDHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE TENDER OF TARGET BONDS PURSUANT TO THE TENDER OFFER, INCLUDING REGARDING THE RECEIPT OF ACCRUED INTEREST ON ANY TENDERED TARGET BONDS UP TO, BUT NOT INCLUDING THE SETTLEMENT DATE, WHICH ACCRUED INTEREST IS NOT REFLECTED IN THE PURCHASE PRICE.

A Bondholder who tenders its Target Bonds for cash pursuant to the Tender Offer generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized, which is the Purchase Price (not including Accrued Interest) received by the Bondholder, and the Bondholder's adjusted tax basis in its tendered Target Bonds. Any gain or loss arising in connection with a taxable sale pursuant to the Tender Offer may be capital gain or loss (either long-term or short-term, depending on the Bondholder's holding period for the tendered Target Bonds) or may be ordinary income or loss, depending on the particular circumstances of the Bondholder. Non-corporate holders may be eligible for reduced rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to various limitations. A Bondholder's amount realized and adjusted tax basis are determined as set forth in the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder (collectively, the "Code").

Payments to a Bondholder in connection with a tender of Target Bonds pursuant to the Tender Offer may, under certain circumstances, be subject to U.S. federal backup withholding. Backup withholding applies if such Bondholder: (i) fails to furnish such Bondholder's social security number or other taxpayer identification number ("TIN"); (ii) furnishes an incorrect TIN; (iii) fails to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such Bondholder is not subject to backup withholding. Bondholders should consult their own tax advisors regarding whether backup withholding applies to them and, if backup withholding applies, regarding qualification for an exemption from backup withholding and the procedures for obtaining such exemption.

DEALER MANAGER

Valley Health System has retained Citigroup Global Markets Inc., as Dealer Manager, for this Invitation. The Dealer Manager will be paid a fee for its services. In addition, the Dealer Manager shall be reimbursed for all

reasonable out-of-pocket expenses related to this Invitation. The Dealer Manager fee and reasonable expenses will be paid from the available funds by Valley Health System.

The Dealer Manager may contact Bondholders regarding this Invitation and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Invitation to beneficial owners of the Target Bonds.

The Dealer Manager, together with its affiliates, each comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for Valley Health System for which they received or will receive fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of Valley Health System, including the Target Bonds. Affiliates of the Dealer Manager may have holdings of Target Bonds that they are unable to disclose for legal or regulatory reasons.

The Dealer Manager is not acting as financial or municipal advisor to Valley Health System in connection with this Invitation.

INFORMATION AND TENDER AGENT

Globic Advisors Inc. has been retained to serve as Information and Tender Agent for this Invitation. The Information and Tender Agent will be paid a fee for its services and will be reimbursed for its expenses relating to this Invitation.

MISCELLANEOUS

No one has been authorized by Valley Health System, the Dealer Manager or the Information and Tender Agent to recommend to any Holders whether to offer to sell Target Bonds in response to this Invitation or the amount of Target Bonds to offer or the price, as applicable, at which they are offered, and none of Valley Health System, the Dealer Manager or the Information and Tender Agent makes any recommendation that any Bondholder offer to sell at any price (or refrain from offering) all or any portion of such Holder's Target Bonds. No one has been authorized by Valley Health System, the Dealer Manager or the Information and Tender Agent to give any information or to make any representation in connection with this Invitation other than those contained in this Invitation (inclusive of Appendix A hereto), and any such recommendation, information, and representations given or made cannot be relied upon as having been authorized by Valley Health System, the Dealer Manager or the Information and Tender Agent. Bondholders must make these decisions and should read this Invitation and consult with their financial representative in doing so.

The Information and Tender Agent for this Invitation is:

**Globic Advisors Inc.
Attn: Robert Stevens
485 Madison Ave, 7th Floor
New York, New York 10022
Phone: (212) 227-9622
Email: rstevens@globic.com**

The Dealer Manager for this Invitation is:

**Citigroup Global Markets Inc.
Attn: Cameron Parks
388 Greenwich St, Trading – 4th Floor
New York, NY 10013
Tel: (213) 486-7130
Email: cameron.parks@citi.com**

Dated: November 17, 2023

APPENDIX A

2023 3RD QUARTER REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2023

(Filed with EMMA on November 8, 2023)

The Valley Hospital
Balance Sheet

Assets	<u>Nine Months Ended September 30</u>	
	2023 (unaudited)	2022 (unaudited)
Current Assets		
Cash and cash equivalents	\$ 7,837,239	\$15,013,343
Assets whose use is limited, current	46,494	15,221,215
Accounts receivable	102,297,005	96,233,996
Prepaid expenses	11,750,979	6,671,329
Supplies and other current assets	18,128,751	15,429,997
Total current assets	140,060,468	148,569,880
Assets Whose Use is Limited		
Board designated	912,252,923	941,505,371
Trustee-held funds	-	17,582,702
Donor restricted investments	6,753,158	6,741,270
	919,006,081	965,829,343
Property and Equipment, Net	1,103,318,902	862,841,426
Other Assets	76,548,085	74,036,199
Prepaid Pension Asset {1}	-	-
Assets Health by Related Organizations	30,229,868	36,848,483
Total Assets	<u>\$ 2,269,163,404</u>	<u>\$ 2,088,125,331</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 75,217,406	\$ 52,790,135
Medicare advance payments	-	7,805,956
Accrued salaries and related benefits	59,395,107	50,561,595
Other accrued expenses	73,240,935	61,002,664
Accrued bond interest payable	3,192,055	3,341,215
Long-term debt, current portion	11,880,000	11,880,000
Finance lease obligation, current portion	610,763	486,652
Operating lease liability, current portion	1,699,293	-
Total current liabilities	225,235,559	187,868,217
Medicare Advance Payments, Noncurrent	-	-
Operating lease, noncurrent portion	1,099,909	-
Long-term debt, noncurrent portion	327,633,554	342,599,894
Finance lease, noncurrent portion	57,772,911	58,383,674
Estimated Professional Liability	39,590,540	41,313,757
Amounts Due to Third-Party Payers and Other Liabilities	106,947,213	76,519,237
Total liabilities	758,279,686	706,684,779
Net Assets		
Without donor restrictions	1,504,130,559	1,374,699,282
With donor restrictions	6,753,159	6,741,270
Total net assets	1,510,883,718	1,381,440,552
Total liabilities and net assets	<u>\$ 2,269,163,404</u>	<u>\$ 2,088,125,331</u>

1- Defined benefit plan terminated July 2020.

The Valley Hospital
Statement of Operations

	<u>Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>
	(unaudited)	(unaudited)
Revenue:		
Net patient Service Revenue	\$ 730,955,623	\$ 692,410,366
COVID-19 funding grant revenue	-	-
Other Revenue	18,591,751	12,872,313
Total Revenue	<u>749,547,374</u>	<u>705,282,679</u>
Expenses:		
Salaries and Wages	237,635,029	221,284,347
Employee Benefits	49,001,461	46,738,330
Physician Fees	27,276,619	24,163,627
Supplies and Other	260,908,755	240,070,046
Interest	2,351,404	2,368,460
Depreciation and Amortization	41,249,997	39,000,006
Total Expenses	<u>618,423,265</u>	<u>573,624,816</u>
Operating Income	131,124,109	131,657,863
Non-Operating Income (Expenses)		
Offsite Properties/Strategic Initiatives	(21,011,836)	(14,532,772)
Investment Income	28,349,341	(101,050,312)
Pension Costs	-	-
Strategic Investment - VMG	(62,915,957)	(47,360,464)
Strategic Investment - ColigoCare	(228,932)	19,093
Excess of Revenue and Gains over Expenses and Losses	75,316,725	(31,266,592)
Transfer from Valley Affiliates	366,425	348,428
Gifts, Grants, Donations	30,059	54,829
Changes in Pension Liability	-	-
Cumulative effect of change in accounting principle	-	-
Increase in Net Assets	<u>\$ 75,713,209</u>	<u>\$ (30,863,335)</u>

The Valley Hospital
Statement of Cash Flows

	Nine Months Ended September 30	
	2023 (unaudited)	2022 (unaudited)
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ 75,713,209	\$ (30,863,335)
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	46,252,791	43,844,553
Change in assets held by related organization	-	-
Change in accrued pension liability to be recognized in future periods	-	-
Net realized (gains) losses	11,373,916	(1,643,117)
Change in unrealized gains on investments	(24,623,034)	114,814,173
Changes in assets and liabilities:		
Accounts receivable	(5,650,533)	(7,403,126)
Prepaid expenses, supplies and other current assets	(4,899,624)	1,525,673
Other assets	(8,366,577)	2,620,694
Accounts payable and other current liabilities	13,121,913	15,168,709
Medicare Advance Payments	-	(61,839,557)
Accrued pension liability	-	-
Estimated professional liability	3,663,112	3,108,588
Amounts due to third-party payers and other liabilities	35,882,813	3,445,904
Net cash provided by operating activities	<u>142,467,986</u>	<u>82,779,159</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(229,736,129)	(231,770,697)
Net sales (purchases) of limited use assets	84,556,072	10,857,765
Net cash used in investing activities	<u>(145,180,057)</u>	<u>(220,912,932)</u>
Cash Flows from Financing Activities		
Issuance of long term debt	-	-
Cost of issuance	-	-
Capital lease payments	(384,688)	(296,739)
Net cash used in financing activities	<u>(384,688)</u>	<u>(296,739)</u>
(Decrease) increase in cash and cash equivalents	(3,096,759)	(138,430,512)
Cash and Cash Equivalents, Beginning of Year	<u>10,980,492</u>	<u>186,247,772</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,883,733</u>	<u>\$ 47,817,260</u>

The Valley Hospital

Liquidity

Days Cash on Hand

	<u>Quarter Ending September</u>	
	<u>2023</u> (unaudited)	<u>2022</u> (unaudited)
Unrestricted Cash and Investments *	\$ 920,090,162	\$ 956,518,714
Operating expenses less depreciation and amortization **	\$ 733,521,060	\$ 733,521,060
Days in year/period	365	365
Expenses per day (calculation denominator)	\$ 2,009,647	\$ 2,009,647
Days Cash on Hand	457.8	476.0

* Excludes trustee-held funds. Includes Medicare advance payments.

** Per most recent audit.

Funds Available for Debt Service

	<u>Quarter Ending September</u>	
	<u>2023</u>	<u>2022</u>
Excess Revenue over Expenses	\$ 137,730,702	\$ 13,231,905
Unrealized (Gains)/Losses on Investments	(44,829,678)	118,816,398
Depreciation	54,412,817	50,170,820
Interest	3,624,149	3,441,313
Income Available for Debt Service	\$ 150,937,990	\$ 185,660,436
Historical Annual Debt Service	\$ 29,124,512	\$ 29,627,882
Historical Annual Debt Service Coverage	5.18	6.27
Pro-Forma Maximum Annual Debt Service	\$ 29,148,703	\$ 29,148,703
Pro-Forma Maximum Annual Debt Service Coverage	5.18	6.37

The Valley Hospital
YTD September 2023

PATIENT UTILIZATION

	<u>Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>
<u>Maintained Beds:</u>		
Medical/Surgical/Observation/IMC	310	319
OB/GYN	38	38
Pediatrics	14	14
ICU	13	13
CCU	12	12
CSICU	9	9
Total Maintained Adult and Pediatric Beds	396	405
Newborn	38	38
NICU	15	15
	<u>2023</u>	<u>2022</u>
<u>Admissions:</u>		
Medical/Surgical/Observation/IMC/CSICU	16,419	15,537
OB/GYN	2,872	3,210
Pediatrics	699	775
ICU	540	585
CCU	483	466
Same Day Surgery (S.D.S.)	20,185	17,895
Total Adult and Pediatric Admissions	41,198	38,468
Newborn	2,768	3,070
Note: Admissions and patient days include observation cases. Below is a breakout of Total Adult and Pediatric Admissions based on overnight admissions and observations. Same day surgery is as set forth above.		
Overnight	14,418	13,621
Observation	6,595	6,952
	<u>2023</u>	<u>2022</u>
<u>Outpatient Statistics:</u>		
Emergency Room Visits (includes Admits)	53,934	50,469
Infusions	14,103	14,027
Cardiac Cath Procedures	1,600	1,549
Diagnostic Procedures	122,185	108,510
Laboratory Tests	1,045,757	973,255
Outpatient Visits	379,556	350,020
	<u>2023</u>	<u>2022</u>
<u>Additional Utilization Statistics:</u>		
Total Patient Days	85,799	82,015
Occupancy Percentage*	79.36%	74.18%
Medicare Case Mix Index	1.8560	1.9436
Average Length of Stay**	5.25	5.19

* Based on Maintained Beds.

** Average Length of Stay measures overnight admissions for all payers.

The Valley Hospital
Overview of Payer Mix

(Percent of Net Revenue)

	<u>Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Medicare / Medicare Managed Care	32.2%	31.1%
Medicaid / Medicaid Managed Care	2.2%	2.2%
Managed Care / Commercial	63.6%	65.2%
Other (includes Workers Comp)	0.2%	0.6%
Self Pay	1.8%	0.9%
Total	100.0%	100.0%