

VALLEY REGIONAL HOSPITAL AND DARTMOUTH HEALTH LETTER OF INTENT

Executive Summary¹

The Parties to the Letter of Intent (“LOI”) are Valley Regional Hospital (“VRH”) and Dartmouth Health (“DH”) (together, the “Parties”). The following is an Executive Summary of the terms of the LOI, which generally reflect the terms of an Integration Agreement in development by the Parties. The terms of the Integration Agreement will be informed by, among other things, community input provided at the public listening session and subject to evaluation by and approval of the Parties’ respective Boards of Trustees.

Purpose and Vision, Guiding Principles

Acknowledging their compatible missions and cultures, the Parties envision working together to create an integrated academic health care delivery system that will meet the physical and mental health care needs of the communities they serve. The Parties will utilize their combined resources to expand access to care, improve quality and outcomes, and control costs through greater coordination of care between and among VRH, DH, and Mt. Ascutney Hospital and Health Center (“MAHHC”), located a short distance away in Windsor, Vermont. This relationship will enable VRH to offer its patients expanded access to an appropriate level of care close to home while also offering increased access to the clinical services offered at Dartmouth-Hitchcock Medical Center, New Hampshire’s only academic medical center. VRH and DH share a long history of cooperation and collaboration and they believe that full integration of their clinical, financial, and administrative resources will promote efficient, effective and sustainable health care delivery in Claremont and the communities of the Upper Valley.

In their efforts to achieve these objectives the Parties will be guided by certain principles, including a commitment to: 1) the physical and mental health care needs of the communities they serve; 2) ensuring that patients receive the highest quality, acuity-appropriate care at the most cost-effective and convenient site of service; and 3) their respective charitable purposes and applicable charitable and tax-exempt requirements.

Corporate and Governance Structure

Acknowledging that VRH and DH need to be tightly integrated to accomplish their purposes and realize their mutual vision, VRH will become a member of the DH System. This means that DH will become the corporate parent of VRH, but VRH will retain its separate legal

¹ This Executive Summary is a high-level overview of the terms and conditions of the Non-binding Letter of Intent and it is not, nor is it intended to be, a substitute for the actual terms and conditions contained therein or in the binding Integration Agreement currently in development.

identity and, with some exceptions, will retain ownership of and responsibility for its assets and liabilities.

The VRH Board of Trustees will retain powers over matters traditionally within the purview of the governing body of a health care charitable trust, including identifying the health care needs of its communities and overseeing the proper delivery of care. In order to balance the need of the DH System to ensure alignment of its members' charitable purposes and strategic goals, the DH Board of Trustees will hold certain powers over the actions of VRH, including among others, approval of VRH's material governance, strategic, programmatic, and financial decisions. The powers retained by VRH and those reserved to the DH Board of Trustees will be more fully set forth in the Integration Agreement currently in development.

The Parties believe that integrating VRH's governance structure with that of MAHHC will achieve the required balance between the health care delivery goals of the DH System and the health care needs of local communities, for whom the VRH and MAHHC Boards of Trustees will each remain separately responsible. With that balance in mind, VRH and MAHHC will establish largely mirror Boards of Trustees by each nominating an equal number of public trustees to serve on each Board, with DH appointing up to one-third (1/3) of the total number of trustees.

Management Structure

In order to promote efficiency and effective management, the Parties agree that VRH and MAHHC will be managed jointly by a unified senior management team, led initially by the current MAHHC Chief Executive Officer Dr. Joseph Perras. The senior management team will be expected to regularly spend time and be physically present at both VRH and MAHHC.

Clinical Program Development

Before closing the transaction, the Parties will form a Joint Integration Committee or Joint Affiliation Committee ("JAC") to create an integration plan to, among other things, address the physical and mental health needs of the communities served by VRH, DH and MAHHC, identify the clinical services necessary to address those needs, improve quality and cost, integrate the Parties' electronic health records to enhance care coordination, and identify efficiencies to promote sustainability. The work product of the JAC will be the foundation for the Parties' post-closing integration efforts.

Financial Management

VRH will become full integrated with DH revenue cycle, financial planning, and financial management. DH intends to operate VRH as a high quality, high performing member of the

System. The System Board will be responsible for ensuring that VRH observes sound financial practices and will monitor its ongoing financial performance.

Following the closing date, which will be identified in the Integration Agreement, VRH and DH will begin the process required for VRH to join the Dartmouth-Hitchcock Obligated Group (the “DHOG”) to take advantage of its greater debt capacity and become subject to its covenants and obligations.

VRH will retain ownership and control over its Endowment Funds, which comprise all donor-restricted assets reflected on VRH’s financial statements as restricted and all unrestricted donations received in connection with a VRH fundraising effort. The Parties will coordinate their efforts to attract philanthropic funds to support health care services in the VRH and MAHHC service areas and academic and research programs at DHMC.

The Parties will develop capital project plans to address VRH capital needs, including the construction of a medical office building. DH acknowledges that VRH has accumulated and set aside funds for use in financing the construction of a medical office building and that the VRH Board of Trustees will continue to control the use of those funds, subject to System Board approval of VRH operating and capital budgets.

The Parties understand that VRH has entered into a loan agreement with the U.S. Department of Agriculture that may need to be refinanced in order to close the transaction between VRH and DH. DH and VRH agree to work together to refinance the loan, if necessary, and VRH will remain responsible for repaying any funds obtained to refinance the loan.

Miscellaneous

Miscellaneous provisions include applicable legal principles, and joint communications, and satisfactory completion of due diligence as a condition to closing.