

February 24, 2025



Samaritan
Health Services

APPROVE PROCEDURES

CONFIDENTIAL



JUNIPER ADVISORY

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1. JUNIPER ADVISORY

introduction



JUNIPER ADVISORY *overview*

- *Specialized M&A advisory firm*
 - Focus exclusively on strategic M&A advisory services for nonprofit health systems
 - No conflicts of interest or cross-selling pressures
 - Independent, privately-held
 - Only experienced group with full-time, dedicated approach
- *Team & experience*
 - Over 30 years of hospital M&A experience
 - Creative transactions - - many 'firsts'
 - Leader in formation of AMC joint ventures
 - Largest team in industry devoted solely to acute-care M&A
 - First transaction approved under new OHA requirements
- *Singular focus on Board-level advisory*
 - Objective advice, long term viewpoint
 - Development and implementation of processes to assess independence
 - Guidance regarding strategic range of options, including independence
- *National expert on topics important to hospital Boards*
 - Research publications, frequent lecturer, media resource

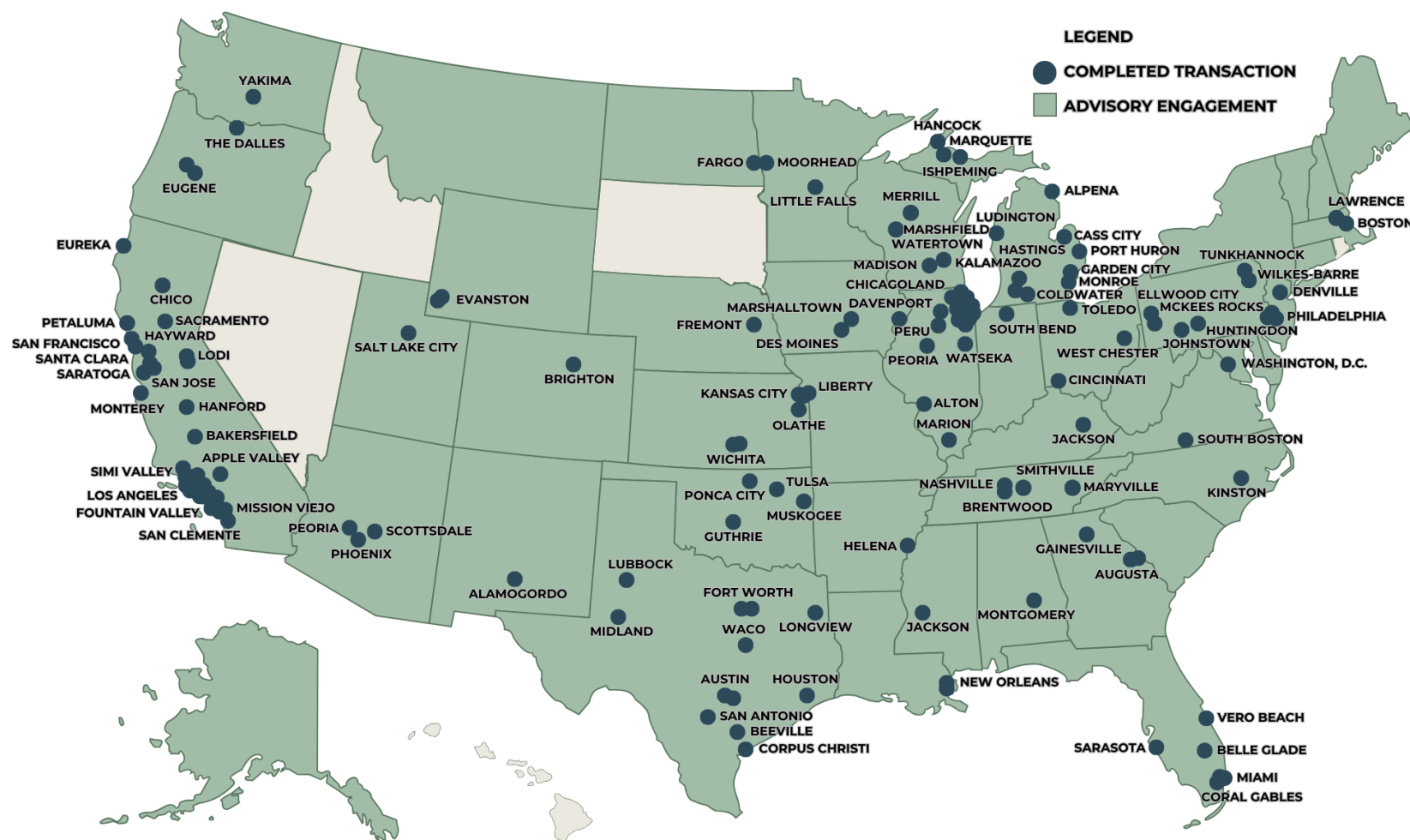
By the Numbers

30-year track-record
250 assignments, 42 states
125 transactions
0 clients left without a partner
0 attorney general challenges
50+ publications

Client profile

100% nonprofit health systems
70% client joining a system
50% 501c3
25% public hospitals
15% faith-based
10% academic
50% premium achieved to market terms & value

EXPERIENCE ~250 advisory assignments, ~125 completed M&A transactions, ~45 states



- Experience with all potential partners
- Governance Inst. faculty hospital M&A
- Full knowledge of competitive environment, and suitor orientation



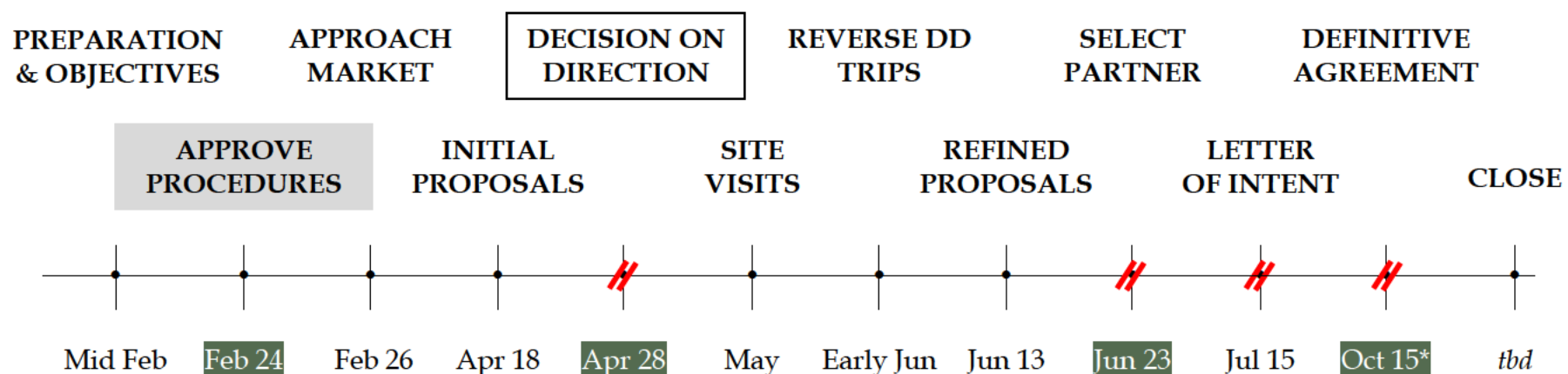
2. PROCESS OUTLINE

timeline & review



PRELIMINARY TIMELINE *overall approach*

Implementing a competitive process is central to achieving the Board's objectives and securing regulatory approval



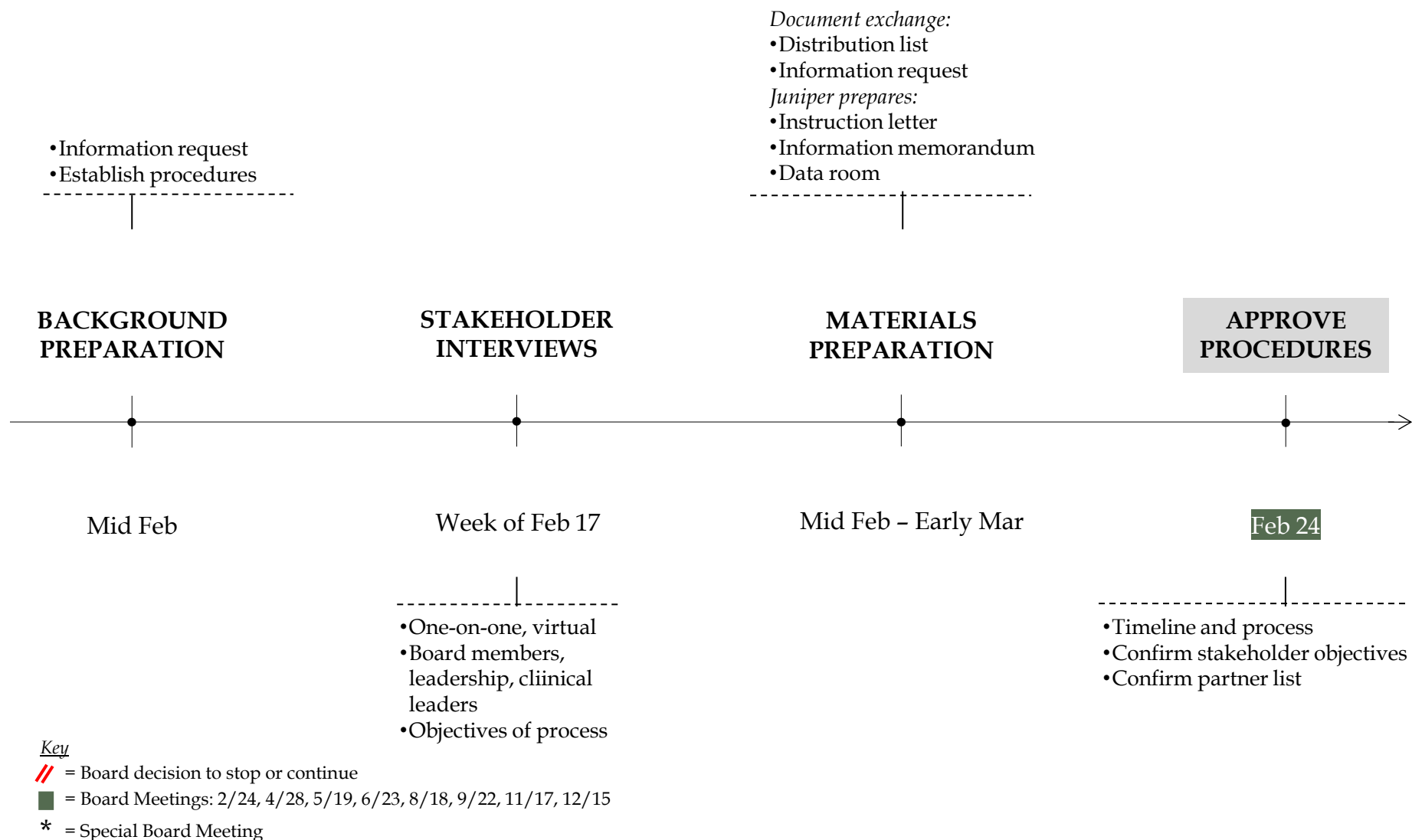
Key

// = Board decision to stop or continue

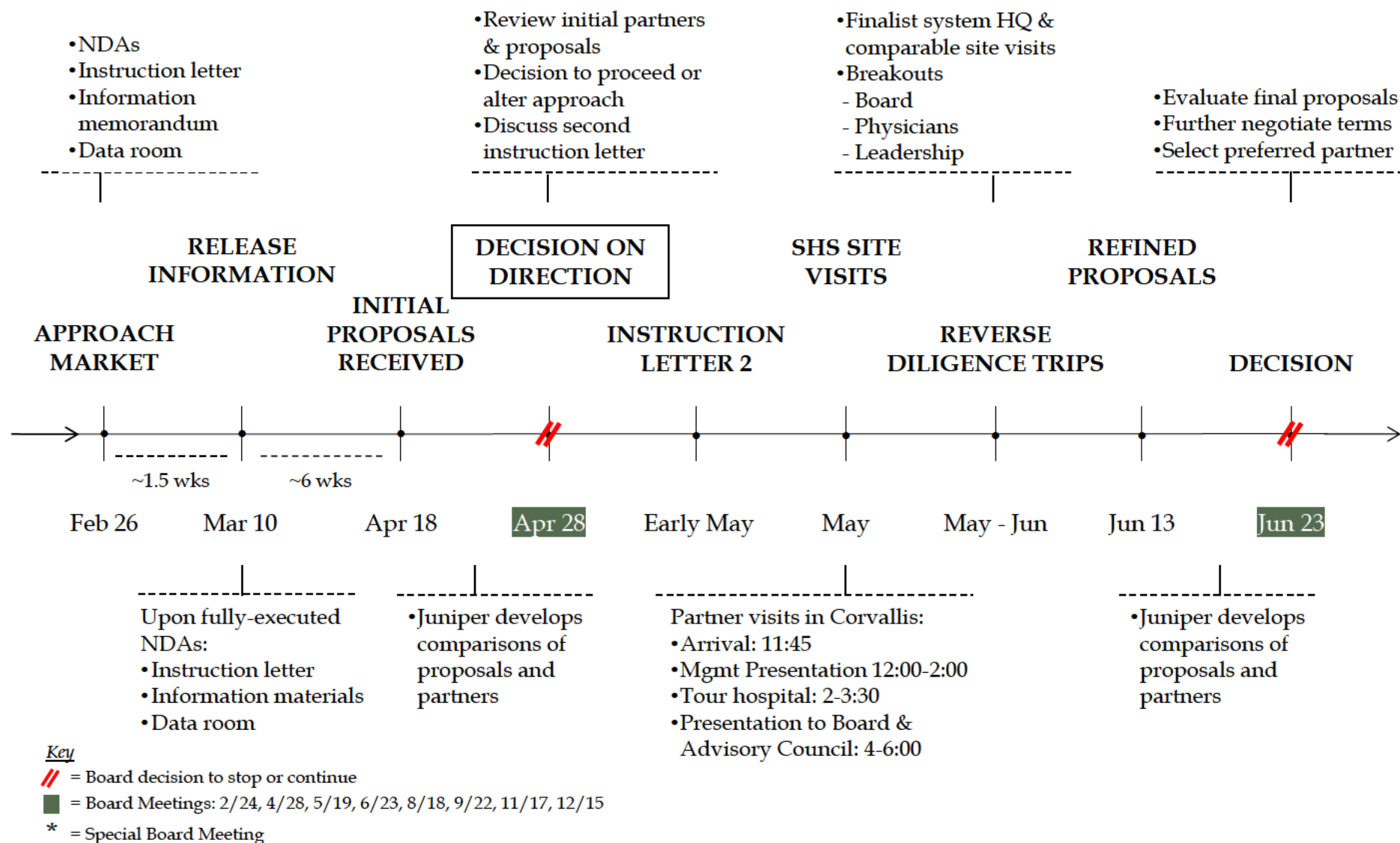
■ = Board Meetings: 2/24, 4/28, 5/19, 6/23, 8/18, 9/22, 11/17, 12/15

* = Special Board Meeting

TIMELINE *preparation*



TIMELINE *market input*



PROCESS OUTLINE *approach*

OBJECTIVE	COMMENTS
ASSIST BOARD'S DECISION MAKING	<ul style="list-style-type: none"> ▪ Gradual and comparative ▪ Do not solve for best partner now ▪ Receive alternative proposals ▪ Refine objectives during process ▪ Consider interplay amongst key elements ▪ Meet and visit suitor finalists ▪ Informed decision-making
CONTROL PROCESS TIMING	<ul style="list-style-type: none"> ▪ Accelerate timetable Samaritan Health Services' advantage ▪ Maximize negotiating leverage ▪ Evaluate options on a relative and absolute basis ▪ Avoid failures ▪ Minimize risk
NEGOTIATE PRICE AND TERMS	<ul style="list-style-type: none"> ▪ Various structures and forms of consideration have significant value implications ▪ Considerable value often associated with certain non-price matters, <i>e.g.</i>, programmatic support or expansion, commitment to services, and physicians ▪ Post-transaction ramifications for Samaritan Health Services should be carefully considered, <i>e.g.</i>, purchase price adjustments, indemnifications, escrows, non-competes
MANAGE CONFIDENTIALITY	<ul style="list-style-type: none"> ▪ Balance benefits of broader partner search with risk of confidentiality breach ▪ Protect sensitive information from competitors ▪ Preserve leadership focus on business ▪ Manage employee perceptions ▪ Avoid erosion of admissions by physicians ▪ Avoid third-party interference, <i>e.g.</i>, state agencies, payors, competitors, unions

PROCESS OUTLINE *approach*

TYPE	ADVANTAGES	DISADVANTAGES
1. BILATERAL NEGOTIATIONS private discussions conducted with one or more interested partner, provision of confidential information and negotiation of terms	<ul style="list-style-type: none"> ▪ Discreet, can usually be kept confidential ▪ Simplest process ▪ Least disclosure ▪ Maximum flexibility to terminate offering without adverse consequences 	<ul style="list-style-type: none"> ▪ May not receive maximum value ▪ Risk of choosing right partner ▪ Limited confidence in fairness or adequacy of value ▪ Lack of competition likely to force compromise on money or non-money terms ▪ Negotiations may be protracted and absorb senior leadership resources ▪ Little protection from external criticism
2. SERIES OF NEGOTIATIONS one-to-one private discussions with <i>series</i> of interested partners, provision of confidential information and some negotiation of terms	<ul style="list-style-type: none"> ▪ Fairly simple process ▪ Modest disclosure ▪ Some flexibility to terminate offering without adverse consequences 	<ul style="list-style-type: none"> ▪ Difficult to compare series of offers ▪ Extensive commitment of senior leadership resources to protracted series of negotiations ▪ Extended period to complete transaction ▪ Difficulty in maintaining parity of treatment and evenness of information among series of interested parties ▪ Little protection from external criticism
3. CONTROLLED COMPETITIVE PROCESS acknowledgement of intent to seek partner, followed by carefully designed and controlled program aimed at creating competitive environment	<ul style="list-style-type: none"> ▪ Maximizes value ▪ Enhanced perception of process fairness, especially by external critics, <i>e.g.</i>, AG ▪ Expeditionous completion on timetable ▪ Best ability to compare offers ▪ Control over form of consideration and non-money terms ▪ Control and limitation of Board and leadership time ▪ Provides objectivity 	<ul style="list-style-type: none"> ▪ Less discreet, generally becomes more broadly known ▪ Greater disclosure of information ▪ Some organizational uncertainty ▪ Less flexibility to terminate transaction without impairing future value ▪ Complex to manage

PROCESS OUTLINE *approach*

FACETS	FUNCTION
CONFIDENTIALITY AGREEMENT	<ul style="list-style-type: none"> ▪ Augments control of confidential information ▪ Allows slower decision makers to drop-out before receiving confidential information ▪ Establish a tone of seriousness concerning handling of documents ▪ Enables Samaritan Health Services to withhold sensitive material until confidentiality agreement executed
INFORMATION MEMORANDUM	<ul style="list-style-type: none"> ▪ Brief description, marketing document
ELECTRONIC DATA ROOM	<ul style="list-style-type: none"> ▪ Provides detailed market, financial, and operating information - - sufficient for potential partners to develop preliminary view of value and other terms ▪ Provides sufficient information to determine interest in principle
INSTRUCTION LETTERS	<ul style="list-style-type: none"> ▪ Provides detailed description of procedures ▪ Allows amendments to procedures ▪ Specificity increases from first to second letter
INITIAL AND FINAL PROPOSALS	<ul style="list-style-type: none"> ▪ Non-binding ▪ Allows Samaritan Health Services to limit number of partners with whom to negotiate ▪ Allows Samaritan Health Services to test market and each potential partner's interest level before facility visits and leadership interviews, or providing additional information ▪ Helps Board fine-tune objectives
REQUEST FOR ADDITIONAL INFORMATION	<ul style="list-style-type: none"> ▪ Controls flow of information ▪ Allow for systematic review of information requests ▪ Insulates leadership from potential partners ▪ Allows for the consolidation of all information requests ▪ Ensures uniform distribution of information ▪ Use of electronic data room
FACILITY VISITS AND LEADERSHIP INTERVIEWS	<ul style="list-style-type: none"> ▪ Systematic discussions between leadership and potential purchasers ▪ Allows system and its representatives to monitor contacts between leadership and partners ▪ Ensures equitable exposure to leadership and facilities by potential partners
REVERSE DUE DILIGENCE	<ul style="list-style-type: none"> ▪ Samaritan Health Services' inquiry regarding finalist suitors ▪ Often includes visits to suitors' hospitals



3. PARTNERSHIP OBJECTIVES

summary

PARTNERSHIP OBJECTIVES *translating feedback from key stakeholders*

Based on interviews with SHS Board members, physicians, and leadership, Juniper compiled the below list of key objectives:

- Maintain Samaritan's preeminent position as the regional provider, clinical partner, and employer of choice
- Optimize Samaritan's clinical and system integration to support high value care through access to innovative resources
- Implement an efficient and effective governance structure that supports Samaritan's ability to operate fluidly and make decisions based on what is best for the community
- Expand access to needed service lines of care for all residents of the region
- Sustain a strong culture that allows Samaritan to maintain its strong operations and build on its proven ability to meet the needs of the community
- Meet Samaritan's near-term capital needs, particularly related to the Corvallis campus and health plan infrastructure



4. PROCESS PARTICIPANTS

PROCESS PARTICIPANTS *goals and approach*

GOALS	APPROACH
<ul style="list-style-type: none"> ▪ Solicit interest from a group of companies that will present a range of strategic options for the board members to consider <ul style="list-style-type: none"> – Forming a sufficiently broad basis of comparison is crucial to making a sound, well-informed decision ▪ Satisfy internal and external stakeholders <ul style="list-style-type: none"> – Employees – Physicians – Community members – Competitors – Regulators ▪ Comprehensive approach to the market typically obviates need for fairness opinion ▪ Minimize any competitive disruption 	<ul style="list-style-type: none"> ▪ Engage with a diverse mix of 35+ healthcare systems to ensure thorough outreach <ul style="list-style-type: none"> – Not-for-profit – Academic medical centers – Integrated delivery networks – Tax-paying & investor-owned – Faith-based systems – Public organizations ▪ Local, regional, and national opportunities <ul style="list-style-type: none"> – Regional synergies and national expertise ▪ Tailored to balance key attributes: financial stability, operational expertise, and mission alignment ▪ Broad, credible range of options to meet the board’s objectives and inform decision-making

PARTNER LIST

[illegible]

Source: Definitive Healthcare, FY23-FY24 audited financial statements, FY23 10-Ks

Notes:

1. FY24 audited financial statements.

2. [REDACTED]
[REDACTED]
[REDACTED]
3. [REDACTED]
[REDACTED]
4. [REDACTED]
[REDACTED]
5. [REDACTED]
[REDACTED]
6. [REDACTED]
[REDACTED]

PARTNER LIST

[illegible]

Source: Definitive Healthcare, FY23-FY24 audited financial statements, FY23 10-Ks

Notes:

1. FY24 audited financial statements.
2. NPR sourced from Definitive Healthcare.
3. [REDACTED]

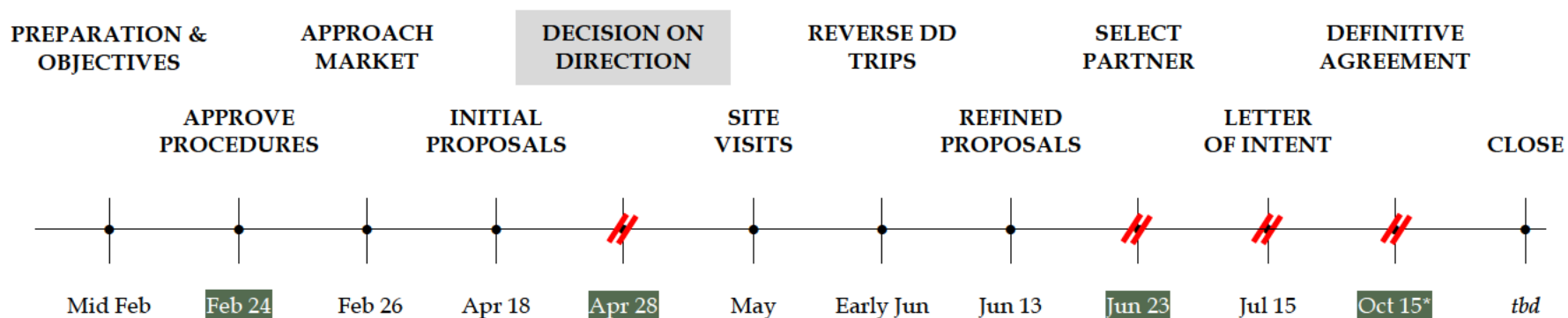
3. [REDACTED]
4. [REDACTED]



5. NEXT STEPS

PRELIMINARY TIMELINE *overall approach*

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Key

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