

## **MISSION HEALTH SYSTEM VOLUNTARY DISCLOSURE**

As previously disclosed by Mission Health System, Inc. (“Mission”) in a voluntary disclosure notice posted on EMMA on March 27, 2018, Mission entered into a non-binding letter of intent (“LOI”) with HCA Management Services, L.P. (“HCA”) on March 14, 2018 relating to the proposed acquisition by HCA of substantially all of the assets of Mission and its various affiliates. As stated in the prior notice, in the event that the proposed transaction is consummated, Mission intends to pay, redeem or defease substantially all of its outstanding indebtedness at or prior to closing in accordance with the applicable documentation relating to such indebtedness.

Mission and HCA are still in the preliminary stages of due diligence review and negotiation of definitive agreements to consummate the transaction described in the LOI. The consummation of the transaction is subject to negotiation of definitive agreements and is subject to applicable governmental or regulatory approvals. There are no assurances that the proposed transaction will be consummated, and no definitive timetable has yet been established for closing the proposed transaction.

Mission has received numerous inquiries from investors regarding the impact on various series of outstanding tax-exempt bonds issued by the North Carolina Medical Care Commission (the “Commission”) on behalf of Mission and certain its affiliates, specifically regarding the exercise of certain special call provisions applicable to such bonds.

Set forth below is language describing these special call provisions for each such series of bonds. **The language below describes the call provisions exactly as they were disclosed in the “Redemption Provisions” section of the respective final Official Statement for each such series of bonds.**

### \$65,000,000 North Carolina Medical Care Commission Health System Revenue Bonds (Mission Health Combined Group), Series 2010 (Official Statement dated February 11, 2010)

The Series 2010 Bonds will also be subject to redemption, in whole or in part, on any date by the Commission, at the direction of an Corporation Representative, at a Redemption Price equal to 101% of the principal amount of the Series 2010 Bonds to be redeemed, plus accrued interest to the redemption date, upon the occurrence of the sale, lease or other disposition of any Combined Group Property to any person if the Corporation Representative determines, based on an Opinion of Bond Counsel, that unless remedial measures are taken pursuant to any revenue procedure, revenue ruling or regulation of the Internal Revenue Service, the exclusion from gross income of the interest on the Series 2010 Bonds for federal income tax purposes will be adversely affected.

### \$73,885,000 North Carolina Medical Care Commission Health System Revenue Refunding Bonds (Mission Health Combined Group), Series 2015 (Official Statement dated February 27, 2015)

The Series 2015 Bonds will also be subject to redemption, in whole or in part, on any date by the Commission, at the direction of an Corporation Representative, at a Redemption Price equal to 100% of the principal amount of the

Series 2015 Bonds to be redeemed, plus accrued interest to the redemption date, upon the occurrence of the sale, lease or other disposition of any Combined Group Property to any person if the Corporation Representative determines, based on an Opinion of Bond Counsel, that unless remedial measures are taken pursuant to any revenue procedure, revenue ruling or regulation of the Internal Revenue Service, the exclusion from gross income of the interest on the Series 2015 Bonds for federal income tax purposes will be adversely affected.

\$53,985,000 North Carolina Medical Care Commission Health System Revenue Refunding Bonds (Mission Health Combined Group), Series 2016 (Official Statement dated August 19, 2016)

The Series 2016 Bonds will also be subject to redemption, in whole or in part, on any date by the Commission, at the direction of an Corporation Representative, at a Redemption Price equal to 100% of the principal amount of the Series 2016 Bonds to be redeemed, plus accrued interest to the redemption date, upon the occurrence of the sale, lease or other disposition of any Combined Group Property to any person if the Corporation Representative determines, based on an Opinion of Bond Counsel, that unless remedial measures are taken pursuant to any revenue procedure, revenue ruling or regulation of the Internal Revenue Service, the exclusion from gross income of the interest on the Series 2016 Bonds for federal income tax purposes will be adversely affected.

\$100,285,000 North Carolina Medical Care Commission Health System Revenue Refunding Bonds (Mission Health Combined Group), Series 2017 (Official Statement dated August 19, 2016 and supplemented on June 26, 2017)

The Series 2017 Bonds will also be subject to redemption, in whole or in part, on any date by the Commission, at the direction of an Corporation Representative, at a Redemption Price equal to 100% of the principal amount of the Series 2017 Bonds to be redeemed, plus accrued interest to the redemption date, upon the occurrence of the sale, lease or other disposition of any Combined Group Property to any person if the Corporation Representative determines, based on an Opinion of Bond Counsel, that unless remedial measures are taken pursuant to any revenue procedure, revenue ruling or regulation of the Internal Revenue Service, the exclusion from gross income of the interest on the Series 2017 Bonds for federal income tax purposes will be adversely affected.

All of these call provisions are substantially the same with the exception of the redemption price for the Series 2010 Bonds being at 101% instead of 100%. Similar call provisions have been utilized for Commission bonds issued on behalf of Mission since 1998.

**Since these call provisions were clearly disclosed in the Preliminary Official Statements and Official Statements for each of the bond issues described above, Mission assumes that (1) investors who purchased any of these bonds were aware of such call provisions and (2) the purchase price or yield at which such investors purchased these bonds (either at the initial offering of in the secondary market) reflected the redemption risks**

**relating to such call provisions (as well as the other optional and extraordinary optional call provisions described in the Official Statements relating to these bonds).**

**No definitive decision has yet been made by Mission as to how it will pay, redeem or defease its outstanding indebtedness upon consummation of the proposed transaction. However, Mission believes that it has the legal and contractual right and authority to exercise the call rights as described above.**

Mission intends to post additional information regarding this matter when it determines that such disclosure is necessary or appropriate.