

**BEFORE THE INSURANCE DEPARTMENT  
OF THE  
COMMONWEALTH OF PENNSYLVANIA**

**Statement Regarding the Acquisition of Control of or Merger with  
Domestic Insurers:**

**Hospital Service Association of Northeastern Pennsylvania  
d/b/a Blue Cross of Northeastern Pennsylvania;  
First Priority Life Insurance Company, Inc.;;  
HMO of Northeastern Pennsylvania, Inc.,  
d/b/a First Priority Health**

**By Highmark Inc.**

**BCNEPA RESPONSE TO INFORMATION REQUEST 2.6.1 FROM  
THE PENNSYLVANIA INSURANCE DEPARTMENT**

**REQUEST 2.6.1:**

**Provide a summary of all assets and property that, pursuant to or in connection with the Merger Agreement or relating to the Transaction, may be transferred, disposed of, donated or contributed by BCNEPA or any BCNEPA Affiliate to any Person other than transfers of assets or property in the ordinary course of business of BCNEPA or the applicable BCNEPA Affiliate making such transfer, disposition, donation or contribution.**

**RESPONSE:**

BCNEPA certifies to the best of its knowledge, information and belief that pursuant to or in connection with the Merger Agreement or relating to the Transaction, the following assets may be transferred, disposed of, donated or contributed by BCNEPA or any BCNEPA Affiliate to any Person, other than transfers of assets or property in the ordinary course of business of BCNEPA. All capitalized terms used below have the meanings given thereto in the Merger Agreement.

BCNEPA will be merged with and into Highmark as of the Effective Time and all assets and property of BCNEPA at such time will become the assets and property of Highmark pursuant to the Merger Agreement and by operation of law.

BCNEPA has the right to (i) distribute the capital stock of HMS and AHS held by AHG to BCNEPA, (ii) assign, transfer or contribute any or all the rights, together with all of the obligations, between BCNEPA and The Commonwealth Medical College to a Charitable Organization at any time prior to the Effective Time, (iii) (a) contribute, dispose of or otherwise transfer without consideration all or any portion of the business, operations or assets, together with all of the liabilities, or all or any portion of the ownership interests of, AHG and/or HRC to any Charitable Organization at any time prior to the Effective Time, or (b) sell, dispose of or otherwise transfer for consideration all or any portion of the business, operations or assets, together with all of the liabilities, or all or any portion of the ownership interests of, AHG and/or HRC to any Person and contribute the Net Proceeds of such Sale Transaction to a Charitable Organization at any time prior to the Effective Time, (iv) convert the Foundation to a nonmember nonprofit corporation, (v) on the Closing Date, but prior to the Effective Time, make to one or more Charitable Organizations, out of its surplus capital, a contribution up to the total amount of the Closing Contribution (i.e., \$90,000,000 less any cash contributions to AHG and/or HRC, not to exceed an aggregate amount of \$20,000,000), subject to the limitations set forth in the definition of "Closing Contribution" in Section 8.14 of the Merger Agreement, and/or (vi) cause HMS and AHS to assign any and all common law rights that such entities may possess in and to any trademark containing the words "AllOne," in whole or in part, and all goodwill associated therewith, to AHG or HRC, provided that, in each case of subsections (i) through (iii) above, any such action does not, and would not be reasonably expected to, result in or create any liability of BCNEPA or the Surviving Corporation to any Person (including under any Contract for a Contribution Transaction or a Sale Transaction) or any Tax payable by BCNEPA or the Surviving Corporation, in any case in excess of amounts deducted by BCNEPA in determining Net Proceeds.

BCNEPA has the right to make cash contributions to AHG and/or HRC, not to exceed an aggregate amount of \$20,000,000; provided that such cash contributions will reduce the amount of the Closing Contribution.

If Highmark terminates the Merger Agreement under Section 7.1(f) of the Merger Agreement (in the event of a breach or default by BCNEPA), BCNEPA may be required, at the election of Highmark, to pay Highmark a fee in the amount of Ten Million Dollars (\$10,000,000) promptly (but in any event within thirty (30) days) after receipt of notice of termination from Highmark (with any amounts not paid when due bearing interest from the date such payment is due until the date paid at a rate equal to five percent per annum).

Upon a termination of the Merger Agreement, Highmark agreed that the time period during which BCNEPA can give notice of its exercise of the change of control option which allows BCNEPA to either (i) purchase and/or cause FPH and FPLIC, as the case may be, to purchase all of the shares of common stock of FPH and FPLIC owned (of record or beneficially by Highmark) or (ii) sell to Highmark all of the shares of common stock of FPH and FPLIC owned by BCNEPA is further extended until ten (10) days after the effective date of such termination of the Merger Agreement.

AHG has the right to assign the Lease between Brandywine Operating Partnership, L.P. and AHG dated August 17, 2008 and Potential Lease Termination Agreement between

Brandywine Operating Partnership, L.P. and AHG dated May 9, 2011 from AHG to BCNEPA or one of its Subsidiaries.

**Hospital Service Association of  
Northeastern Pennsylvania  
d/b/a Blue Cross of Northeastern  
Pennsylvania (“BCNEPA”)  
19 North Main Street  
Wilkes-Barre, PA 18711**